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INTERNATIONAL CONCILIATION

Published monthly, except July and August, by the
Carnegie Endowment for International Peace

Entered as second-class matter September 15, 1924, at the post office at Worcester, Massachusetts, under the Act of March 3, 1879.

STUDIES IN WORLD ECONOMY

No. III

THE INTERNATIONAL TRADE OF MANCHURIA

By

DR. HERBERT FEIS

Of the Council on Foreign Relations

APRIL, 1931

No. 269

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE
DIVISION OF INTERCOURSE AND EDUCATION
PUBLICATION OFFICE: 44 PORTLAND STREET, WORCESTER, MASS.
EDITORIAL OFFICE: 405 WEST 117TH STREET, NEW YORK CITY
Subscription price: 25 cents for one year, one dollar for five years
Single copies 5 cents

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PREFACE

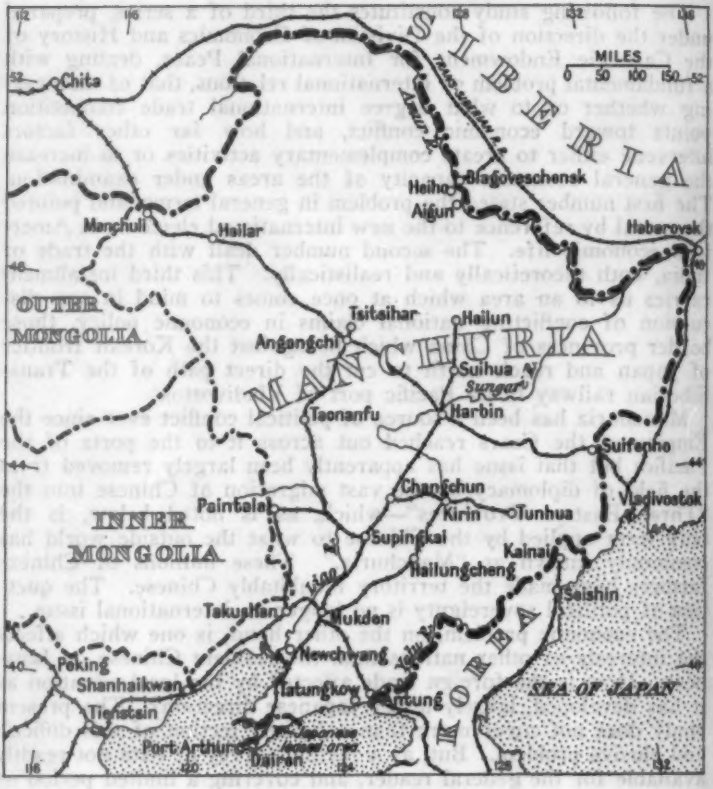
The following study constitutes the third of a series, prepared under the direction of the Division of Economics and History of the Carnegie Endowment for International Peace, dealing with a fundamental problem of international relations, that of discovering whether or to what degree international trade competition points toward economic conflict, and how far other factors intervene either to create complementary activities or to increase the general economic capacity of the areas under examination. The first number stated the problem in general terms, and pointed the moral by reference to the new international elements in American economic life. The second number dealt with the trade of India, both theoretically and realistically. This third installment carries us to an area which at once comes to mind in any discussion of conflicting national claims in economic policy, those border provinces of China which lie against the Korean frontier of Japan and reach north to cut the direct path of the Trans-Siberian railway to its Pacific port of Vladivostok.

Manchuria has been a source of political conflict ever since the Empire of the Czars reached out across it to the ports of the Pacific; but that issue has apparently been largely removed from the field of diplomacy by the vast migration of Chinese into the "Three Eastern Provinces"—which, as is noted below, is the only term applied by the Chinese to what the outside world has commonly known as "Manchuria." These millions of Chinese farmers have made the territory indubitably Chinese. The question of political sovereignty is no longer an international issue.

The economic problem, on the other hand, is one which affects the interests of other nations than the resident Chinese or Japanese. How is the foreign trade affected by the local situation as it has developed, largely under Japanese direction? The present study does not cover more than a limited section of this difficult and elusive problem. But, as a factual survey of data not readily available for the general reader, and covering a limited period of time, it may offer a partial answer to the question, How far the open door in Manchuria has been really open.

NICHOLAS MURRAY BUTLER

New York, March 9, 1931.



A Map of the Manchurian Provinces Indicating the Main Ports of Entry and Commercial Centers

THE INTERNATIONAL TRADE OF MANCHURIA

By Dr. Herbert Feis

Member of the Research Staff of the
Council on Foreign Relations

Foreword[1]

The first thought which the informed reader of this study may have is that the title is a misnomer. The term "Manchuria" is so regarded by the Chinese, whose land it is. For them it is "The Three Eastern Provinces" of the Chinese Republic. They sense in the use of the term "Manchuria" a suggestion that the region is a separate political entity, a more or less autonomous unit with a local capital at Mukden maintaining its own relations with the outside world. They protest against this conception, and have made very definite in recent years the demand that Manchuria be regarded solely as an integral part of the Chinese Republic. The reasons for retaining the disavowed name are several. During much of the past period reviewed in this study, this region had an existence more or less separate from the other parts of China; somewhat different political circumstances and conditions prevailed there; controversies concerned with this region alone took place. More important is the fact that these three provinces form a rather definite economic unit. Just as New England remains a reality in the economic geography of the United States, or the Mississippi Valley, or the Rocky Mountain States, so these "Three Eastern Provinces" present a single theatre for commerce, a geographic section within the Chinese Republic. Lastly, this division of the Chinese Republic is called Manchuria in all the languages of

[1] This analysis of the course of Manchurian foreign trade was made only from source material available in the United States. Fortunately, I was able to draw upon the material collected by Professor C. Walter Young in the American consulates and elsewhere in Manchuria. Because of the imperfections of the statistics, I have been compelled to multiply explanations beyond my wish. To Mr. Bernard Levinson I am indebted for his excellent handling of the laborious task of compiling the raw statistical material from the Chinese Government publications, wherein they are given by customs districts. Professor James T. Shotwell, as editor, has made in his criticisms a gift of ideas, and has been a stern ruler who compelled me to improve the original study.

the nations that trade with it, and the use of the familiar name will seem more natural to the reader of the Western World.

The area, comprising 365,000 square miles (about the size of Oregon, California, and Arizona combined) of rich plateau and heavy forests, was selected for study not only because of its importance in international politics, but also because of its fast growing importance in world trade. The territory has been the scene of rival political and commercial ambitions since Chinese isolation was forcibly denied. The Russo-Japanese War balked Russian ambitions of drawing it within the sovereignty of that empire. Thereafter Russia and Japan sought to formulate terms by which they might share authority, while the commercial nations, Great Britain, Germany, France, and the United States, nervously studied the movement of events, and strove now to assure permanent chances of equality for their trade and commercial influence, now compensation elsewhere for special advantage conceded. Since the war, the Chinese Nationalist Government, encouraged by retrocessions of privilege made by Russia and Germany, has made a steady effort against foreign privileges, and to bring the region fully under the influence of the authorities at Nanking—though never directly challenging Japan's leasehold in South Manchuria. The effort to regain complete control of the Chinese Eastern Railway (before the war a section of the Trans-Siberian Railway) was balked by the refusal of the Russian Government to give up its managerial rights. The South Manchuria Railway, official agency of the Japanese Government, holds its place, improves its properties, undertakes all forms of industry throughout the leased area. The Chinese Government out of its meagre resources has striven to achieve new railway construction in the eastern and northern sections, as parts of the Chinese railway system.

Throughout all the political changes, the economic projecting and striving of political consequence, the area has been a competitive ground for the traders of many nations. Nations have sometimes striven to use their strategic or political place in part or in the whole of the area to secure special advantages for their trade; but the other countries affected have fought back and the restrictions have no place in existing treaty law. Of all countries, the United States has been most undeviating in its insistence

that the region should be open on equal terms to all nations, and American commercial houses have exerted themselves against such discriminations as political purpose, or local authorities may at times have tried to impose.

The United States Government from as early as 1844 had, in its treaties with China, insisted upon the most-favored-nation treatment, upon trade privileges and commercial facilities for Americans equal to those granted to citizens in other lands. In 1899, anxious over the territorial division of China, then in process and prospect, Secretary of State John Hay dispatched his famous "Open Door" circular note to the powers "to insure to the commerce and industry of the United States and of all other nations perfect equality of treatment within the limits of the Chinese Empire for their trade and navigation, especially within the so-called 'spheres of influence or interest' claimed by certain European powers in China." In 1905, the same official reiterated the same purpose in another circular note—which this time was inspired primarily by reports of Japanese exclusion of American traders in Manchuria, reports which the American Minister in Peking later indicated were without serious foundation. This position the United States has consistently maintained. By a resolution placed before the Washington Conference in 1922 by Secretary Hughes, it was defined in greater detail, and embodied in one of the treaties then signed, which binds both China and the Powers.[2] Thus as far as international agreement can govern a situation which previous history had already considerably shaped, Manchuria is open on equal terms to the trade of the world. What has actually happened in the trade of Manchuria during this time of rivalry and negotiation, it is the purpose of this monograph to display.

I. Three Decades of Growth

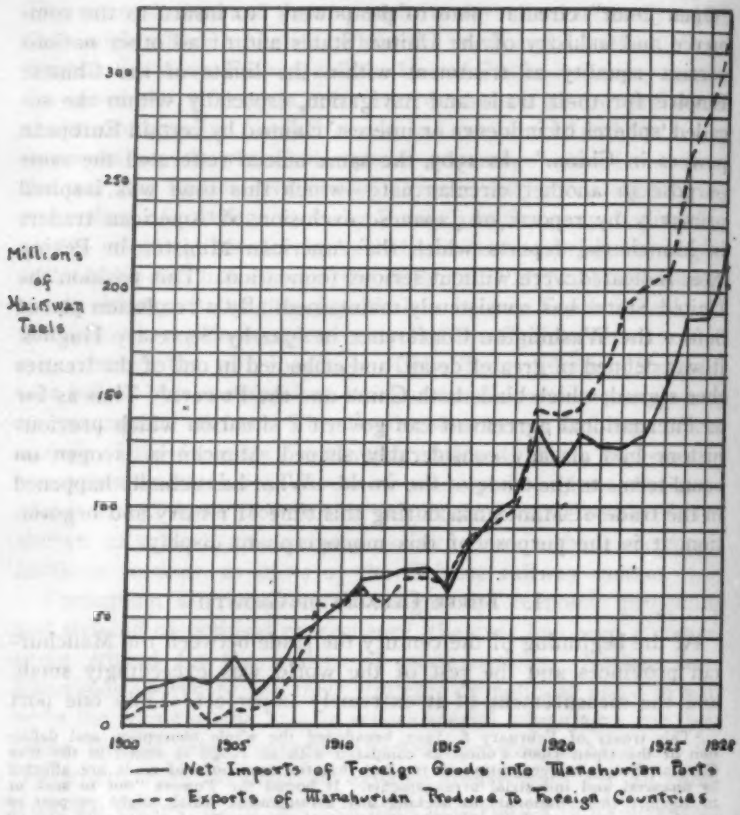
At the beginning of the century the trade between the Manchurian provinces and the rest of the world was exceedingly small, and the measurement of it extremely imperfect. Only one port

[2] This treaty of February 6, 1922, broadened the whole conception and definition of the Open Door Policy, as compared with its range as stated in the Hay Circular Notes, in recognition of the fact that the conditions of trade are affected by financial and industrial arrangements. It bound the Powers "not to seek or to support their nationals in seeking any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China."

of entry was open for this trade, Newchwang, on the Liao River (opened in 1858). Only at that port was there an office of the Imperial Maritime Customs to tax and, incidental thereto, to record, the movement of goods into and out of Manchuria. Much coastal trade took place which did not pass through this office; goods moved in native junks in and out of numerous minor ports;

CHART I

MANCHURIAN TRADE WITH FOREIGN COUNTRIES (ACCORDING TO THE RECORDS OF THE CHINESE MARITIME CUSTOMS)

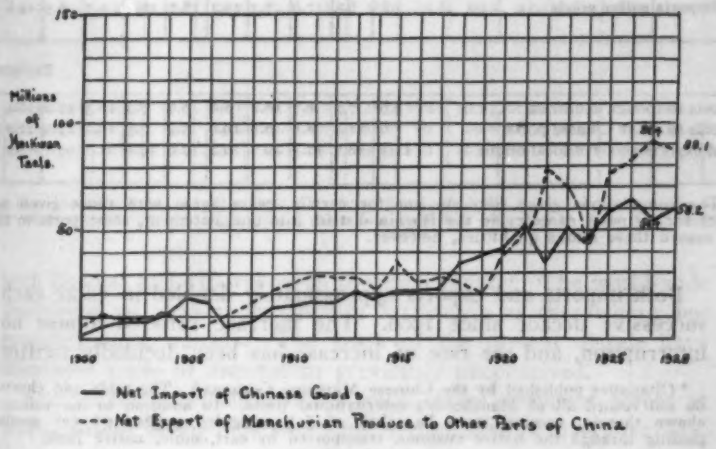


in native vehicles they traversed the land boundaries of Russia, Korea, and other parts of China.

In the first decade of the century many new ports were opened to commerce, many new customs stations established, many improved trade routes, by road, railroad and steamship, developed. The statistics of goods movement were thus collected at points on these new routes. The available records of the later years are, therefore, fuller and probably cover a much larger proportion of all trade than those of earlier years. But even when allowance is made for this fact, the growth recorded is astonishingly great, being in recent years twenty and more times as large as at the beginning of the century. In 1900, Manchuria was not a part of world economy; it may be said that it was hardly a part of the Chinese trade system. A few million taels of goods moved across the borders, partly for distant countries, partly as border trade. From the rest of the world it received as little, so isolated and poor it was, and so ignorant of the use of the machinery and equipment of outside industrial civilization. By 1930, it has become an element in world economy, shipping out a great volume

CHART II

MANCHURIAN TRADE WITH THE REST OF CHINA, PASSING THROUGH MARITIME CUSTOMS



of foodstuffs and raw materials, buying a growing variety of the products of outside industry for personal consumption and for the gradual transformation of the methods of production. A quarter of a century ago, Manchuria was a detached, semi-barricaded, sparsely settled fringe of Chinese life; today, it is a pioneer area in the main course of economic development, connected by railroads and steamships with important trading centers, sustained by a substantial inward movement of outside capital.

The growth of Manchurian international trade is indicated in Table I and Charts I and II.[1]

TA

MANCHURIAN TRADE WITH FOR[illegible]TRIES AN

(MARITIME TRA

in Millions of Haikwan Taels

Im

	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1913	191
Direct foreign imports	2.7	4.3	5.3	5.9	4.2	9.9	6.0	17.0	32.3	35.7	46.7	64.5	68
Foreign goods, via Chinese ports	5.5	12.9	13.0	14.6	15.1	21.2	8.0	6.8	12.1	16.3	14.0	15.8	14
Total imports foreign goods	8.2	17.2	18.3	20.5	19.3	31.1	14.0	23.8	44.4	52.0	60.7	80.3	82
Re-exports foreign goods	0.4	0.1	0.1	0.2	0.1	0.2	0.3	0.8	2.3	3.1	3.8	8.0	10
Net imports foreign goods*	7.8	17.1	18.2	20.3	19.2	30.9	13.7	23.0	42.1	48.9	56.9	72.3	72
Net imports native goods	2.8	6.5	7.0	7.3	10.1	18.7	16.0	6.7	8.5	14.8	15.5	20.9	18
												Exports of	ocal Origin
Exports to foreign countries	3.9	7.3	8.7	10.2	1.6	6.7	7.3	10.5	27.2	56.1	55.9	66.2	66.
Exports to other Chinese ports	7.6	11.4	8.8	9.8	10.6	5.3	7.5	10.6	17.9	21.4	24.3	27.9	22.
Total exports goods of local origin	11.5	18.7	17.5	20.0	12.2	12.0	14.8	21.1	45.1	77.5	80.2	94.1	88.

*The compilations given here do not for certain years agree with those given under[illegible]ing in th[illegible]ments for all ports of entry in the Harbin district into one statement, some ports in the d[illegible]ed out a[illegible] not record these minus quantities, however.

Both imports and exports approximately doubled in value each successive decade since 1900. The increase suffered almost no interruption, and the rate of increase has been decidedly swifter

[1] (Statistics published by the Chinese Maritime Customs.) The table and charts do not record all of Manchuria's international trade. In addition to the volume shown therein, account must be taken of (1) smuggled goods and (2) goods passing through the native customs, transported by cart, mule, native junk.

during the past few years than previously. In the light of the trade figures for the years after 1918, the whole previous period shown by this record takes on the appearance of a preparatory time required for populating and spanning the region and bringing its resources into use. At present, the curves, especially the curve of the exports, incline upward.

Before 1907, it is safe to assume that the figures given underestimate the actual trade in greater proportion than in later years. From 1907 to 1914, the growth was steady but comparatively slow. The coming of the Great War halted the growth. But by 1916,

WITH FOREIGN COUNTRIES AND THE REST OF CHINA

(MARITIME TRADE

In Millions Haikwan Taels)

In

1909	1910	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
35.7	46.7	64.5	68.6	57.5	81.1	102.0	101.2	143.2	122.2	115.0	121.2	120.7	126.5	150.6	178.6	179.5	213.7
16.3	14.0	15.8	14.0	14.9	13.1	18.2	18.0	21.4	22.6	33.7	24.1	23.4	17.6	18.3	19.4	19.0	17.4
52.0	60.7	80.3	82.6	72.4	94.2	120.2	119.2	164.6	144.8	148.7	145.3	144.1	144.1	168.9	198.0	198.5	231.1
13.1	3.8	8.0	10.0	11.2	11.3	24.0	16.2	26.5	27.1	15.4	17.0	16.2	10.2	10.9	10.5	11.2	9.7
65.9	56.9	72.3	72.6	61.2	82.9	96.2	103.0	138.1	117.7	133.3	128.3	127.9	133.9	158.0	187.5	187.3	221.5
14.8	15.5	20.9	18.2	21.3	21.8	22.6	35.4	39.0	41.7	51.7	35.8	30.2	45.5	58.7	63.7	54.7	58.2

ports of Local Origin

56.1	55.6	66.2	66.4	65.6	85.2	91.5	99.7	144.3	142.2	145.0	160.0	193.5	204.6	207.9	259.8	282.9	314.7
21.4	24.3	27.9	22.0	37.0	27.0	29.4	25.4	20.9	37.9	51.9	79.5	69.6	42.6	74.1	81.1	91.4	88.1
77.5	80.2	94.1	88.4	102.6	112.2	120.9	125.1	165.2	180.1	196.9	239.5	263.1	247.2	282.0	340.9	374.3	402.8

n undering in the documents of the Maritime Customs; for before the consolidation of the state-
n the d ed out as re-export more foreign goods than was imported into them. The documents do

both imports and exports began to mount rapidly. The world-wide depression of 1920–21 was felt in Manchuria as everywhere, but recovery came quickly. The years of the present decade have witnessed trade of dimensions previously unconceived.

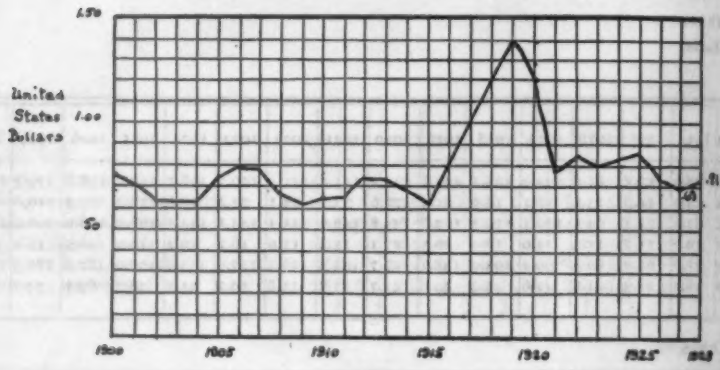
The almost unbroken upward trend shows dominant forces at work, strong enough to overcome vicissitudes of every variety,

warfare—outside and inside Manchuria—flood, drought, famine, and plague.[4] These forces are well known—growing population, improved transportation, better methods of production and of business organization, the gradual creation of industrial enterprise, mainly by the initiative of Japanese capital and officials. The steadiness of growth shown by the record is all the more noteworthy because the exchange value of the silver unit of value in which the record is kept, the *haikwan tael,* fluctuated greatly in terms of gold currencies.

CHART III

AVERAGE EXCHANGE VALUE OF THE HAIKWAN TAEL IN TERMS OF THE UNITED STATES DOLLAR

(Figures from Chinese Maritime Customs)



The average value of the haikwan tael in terms of the gold dollar was about 75 cents during 1900. (See Chart III.) During the period 1900 to 1914 it fluctuated between 63 cents and 79 cents. The average value for this period was below that of 1900. The average value during 1915 fell to the low record of 62 cents. Then commenced the astonishing war-time rise, which reached its peak at an average value of $1.39 for 1919. Under ordinary

[4] Floods and famine, so prevalent in China proper, as in the valley of the Yellow River, in Shantung, Shansi, and elsewhere, have not seriously impeded the growth of international trade in Manchuria. The plague in Manchuria during 1909–11 did impede trade somewhat, as did also the localized floods in Shengking (Fengtien) province in 1910, but the trade of Dairen steadily increased during those years. *British Diplomatic and Consular Reports, Japan: Trade and Navigation of the Port of Dairen,* 1911. *Annual Series,* No. 5023, pp. 5–6.

circumstances, such a shift would have proved a great inducement to imports, a great discouragement to exports. But as a matter of fact during the war period the total of the import and export trade with foreign countries grew in approximately the same proportion. This may be accounted for, partly as the natural result of Manchurian development, partly by the character of war demand which disregarded price, and partly by the fact that gold currencies were, during that period, losing in commodity purchasing power throughout the world. From 1919 to 1927, the customs tael fell steadily in its exchange value for gold, the average value for 1927 being only 69 cents. This decline was probably one of the causes of the unprecedented rate of increase in the total of exports, which from 1919 began to exceed imports substantially. This was partly counteracted by the fall of gold prices throughout the world.

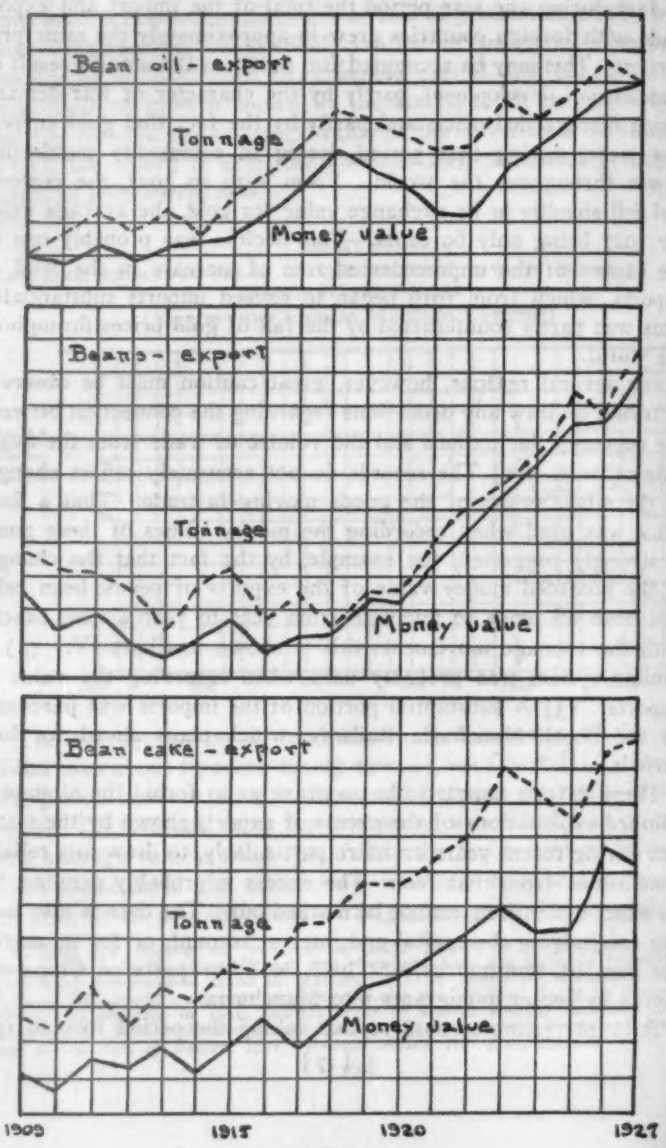
For several reasons, however, great caution must be observed in trying to draw any deductions regarding the connection between the currency fluctuations and the volume of trade from the available records. (1) The records do not accurately reflect changes in the silver prices of the goods moving in trade. That a fixed price was used when recording the money values of these goods is strongly suggested, for example, by the fact that the changes in the recorded money value of the exports of beans, bean cake, and bean oil tends to fluctuate from year to year almost exactly with the tonnage movement; this is shown in Chart IV. (2) A similar system was probably used when recording the value of imports. (3) A substantial portion of the imports was purchased by the South Manchuria Railway, which plans ahead for long periods.

These defects appear to be so grave as to forbid the attempt to venture explanations of the excess of exports shown by the statistics during recent years or, more particularly, to draw any reliable conclusions from that fact. The excess is probably genuine, but its exact dimensions cannot be marked out. The data is also lacking for judging the capital and interest account, or for measuring the sum of remittances sent back to other parts of China and Korea by recent immigrants into Manchuria.

It is interesting to observe that taking the period 1900 to 1928

Chart IV

EXPORT OF BEANS AND BEAN PRODUCTS, COMPARATIVE RECORD OF TONNAGE AND MONEY VALUE (Chinese Maritime Customs)



the trade with China passing through the Maritime Customs grew in about the same proportions as the trade with foreign countries. Fluctuations from year to year were much greater however, and differences in the rate of growth appeared from time to time. During the period of the European War, trade between Manchuria and the rest of China grew very little, while that between Manchuria and foreign countries grew substantially. The post-war period marks the greatest rate of growth in Chinese, as in foreign trade, and the same swiftly created excess of exports. But here again the incompleteness and defectiveness of the records make futile any attempt to draw too precise conclusions. China's purchases of Manchurian products from 1919 on increased as rapidly as those of the outside world, though Chinese consumers did not benefit from the fall in the value of silver in terms of gold. Chinese shipments to Manchuria did not grow quite as rapidly, though Chinese sellers did not have to reckon in the same way with the change in currency value.

In scrutinizing the figures of total trade from year to year a great many special circumstances, shifting in character, should be borne in mind. Among them, the following are of importance:

(1) The figures for 1903–7 do not give a reliable picture of the commercial activity of the Manchurian provinces, for new trade routes of importance had been established (via the Sungari River, via Vladivostok, via Dairen), through which much trade took place which is not recorded in the Maritime Customs statistics.

(2) 1904–5: Russo-Japanese War. Exports to Japan prohibited.

(3) 1905–7: South Manchuria either wholly or in part under military occupation.

(4) 1907–10: New ports opened for foreign trade, new customs stations established in both South and North Manchuria, and new railroad connections with Korea and China.

(5) 1908–9: Work of double-tracking the South Manchuria Railway completed.

(6) 1911: Antung-Mukden Railway opened.

(7) 1911–12: Chinese revolution.

(8) 1915: Boycott of Japanese goods.

(9) 1918–19: Russian revolution and collapse in value of ruble. Trade with Russia fell to almost nothing.

(10) 1919–20: Beginning of revival of trade with Europe.

(11) 1920–21: Worldwide financial crisis.

(12) 1923: Earthquake in Japan.

(13) 1924: Chinese civil war.

(14) 1900–27: During all of this period there was some transfer of the export-carrying trade from junks to steamers, and thus the growth shown by the Maritime Customs figures is a little misleading.

II. Manchurian Trade as a Part of the Total Chinese Trade

The growth of the foreign commerce of Manchuria has been far more rapid than that of the whole of China. In the total of Chinese trade, that of Manchuria has become a rising proportion. The change is presented in Table II. In the early years of the century, even after allowance is made for the trade which may

Table II*

Showing Manchuria Foreign Trade as a Percentage of Foreign Trade of Whole of China

	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
Exports . . .	2.4	4.3	4.0	4.7	0.7	2.9	3.1	4.0	9.9	16.5	14.7	16.2	14.9	16.6
Imports . . .	3.7	6.4	5.4	5.9	5.6	6.7	4.3	5.5	10.9	12.0	12.3	14.3	14.7	12.8

	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Exports .	18.5	15.6	16.7	19.8	20.5	22.9	26.2	24.1	24.5	25.7	26.4	26.6	30.1	30.7	31.9
Imports .	13.0	13.6	16.1	17.4	18.7	18.8	15.6	14.7	14.7	13.2	13.0	16.6	16.7	18.4	18.5

*The statistics from which this table is drawn are (a) exports of local produce from Manchuria to foreign countries, (b) export of domestic goods (including re-exports) from each customs district in China totalled, (c) net imports of foreign goods into Manchuria, (d) net import of foreign goods into each customs district in China totalled. The valuations are in all instances somewhat arbitrary and do not fully reflect price changes. The imports are, presumably, valued at a c.i.f. basis, the exports on f.o.b. Source: Chinese Maritime Customs.

have escaped the records, that of Manchuria was but a minor fraction of the total Chinese trade, a fringe of its commercial life. By 1914, it had become of substantial proportions. During the past few years the commodity exports to foreign countries from Manchuria have been well over a quarter (31.9 per cent in 1928) of the exports of all China, and the imports about one-sixth

(18.5 per cent in 1927) in all of China. The peace and order maintained in Manchuria stimulated immigration and the extension of cultivation. The mounting bean crops found a ready market in foreign lands; the growers increased their buying from abroad. The South Manchuria Railway was building cities and towns and introducing many features of large-scale industry within the area it serves. Manchuria was devoting itself to the utilization of virgin resources. The more thickly populated parts of China had no such untouched, easily reached riches and were distracted by revolution and war.

III. The Trade of the Several Ports Showing the Rise of Trade through and with Japan

Trade of Newchwang

The main route taken by trade in and out of Manchuria before 1905, leaving aside unrecorded border traffic and the junk trade, went down the Liao River and through the port of Newchwang (Yingkow) near its mouth, and on the Gulf of Pechili. Goods arriving from foreign lands were shipped in for distribution by river and road; the beans and cereals destined for South China and abroad were slowly brought down a hundred trails from the interior and floated down the river. Newchwang was the only port open for international trade. But it was badly handicapped and insufficient. The river was frozen during four months of each year. It was beginning to silt up, and the Chinese authorities did little to free it. For shipments to Korea and Russia, this port offered a most devious route, and even for the trade with Japan it was not as well located as alternative and naturally superior ports.

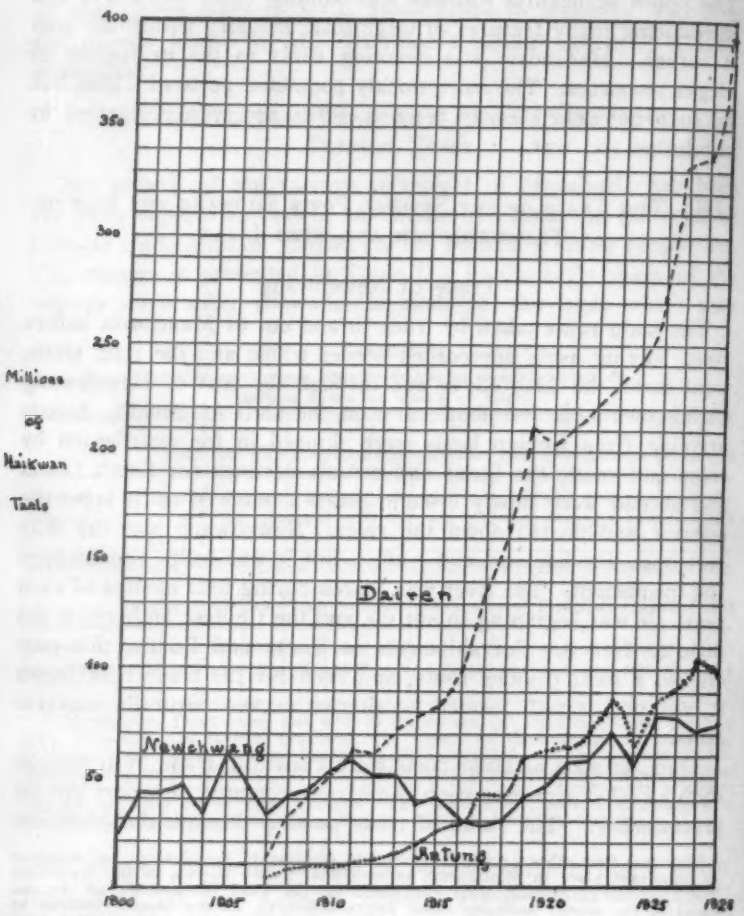
Thus, as soon as other ports were opened to trade by treaty, as soon as other transportation routes were created, this port lost its preeminence.[5] The value of trade passing through the Maritime

[5] By 1909, four other principal "ports," in addition to Newchwang, had acquired an important place in Manchurian international trade: Dairen, in the Kwantung leased territory; Antung, near the mouth of the Yalu River—both on the sea outlet in the south; Suifenho (near Pogranitchnaya), on the eastern frontier of Manchuria, the contact with the Russian Maritime Province and Vladivostok; and Manchouli, on the western frontier, also a frontier terminal of the main line of the Chinese Eastern Railway in North Manchuria. By 1909, it was evident, also, that Newchwang was doomed as the principal port of entry into South Manchuria, the advantages of Dairen being far superior. (*British Diplomatic and Consular Reports, China: Trade of Newchwang, 1909. Annual Series*, No. 4440, pp. 4–5.)

CHART V

TRADE OF SOUTH MANCHURIAN PORTS (DAIREN, ANTUNG, NEWCHWANG), PASSING THROUGH MARITIME CUSTOMS

(Net imports of foreign goods, net imports of native goods, and total exports of goods of local origin)



Customs at this port reached its zenith in 1905 when Japanese army supplies passed through—a total net trade of 61.8 million taels. This total was not reached again until the period following 1923, when Newchwang's trade, especially with China, expanded with the great general expansion of Manchurian trade. In the meanwhile, the port had been brought into rail connection with the Peking-Mukden and South Manchuria Railway, and it continued to offer the most convenient land route to Peking and Tientsin.

By 1911, its trade was exceeded by that of Dairen; during the European War, the trade passing through the North Manchurian ports also began to reach equal dimensions; and by 1918 the trade through Antung outstripped it. The improvement of the South Manchuria Railway and the building of the Antung-Mukden Railway both caused trade to be diverted from the Newchwang route, especially since from 1913 to 1917 several rate reductions were made by both these roads. In 1919, however, the rate situation was revised somewhat in favor of Newchwang. But Newchwang became the least important of the three large South Manchurian ports. The growing production and purchases of Manchuria passed mainly through Dairen and Antung, but Newchwang shared, helped also in recent years by new railway construction and the need of China for Manchurian produce.

Trade of Dairen

Dairen, a great natural port, and convenient for shipping from the other Chinese ports, from Hongkong and Japan, gradually became the dominant center through which passed more than half the foreign trade, not only of South Manchuria,[6] but of the whole of Manchuria. This port and the Kwantung leased territory was converted into a free-trade zone. Its equipment came to surpass

[6] Dairen, earlier called Dalny by the Russians, was created a "free port" by the Russian Imperial Ukase of August 11, 1899, and hence no duties were collected at that port for goods destined for consumption within the Kwantung leased territory. No office of the Imperial Maritime Customs of China was opened at Dalny during the entire period of Russian administration (1898–1904). On May 30, 1907, China signed with Japan an agreement for the establishment of an office of the Chinese Maritime Customs at Dairen for the purpose of collecting duties, at the standard customs rates applicable elsewhere in China, on goods in transit through the leased territory to and from the interior of Manchuria. The Chinese customs station at Dairen was opened, under a Japanese head port commissioner, on July 1, 1907. (Young, C. Walter, *The International Relations of Manchuria*, pp. 84–86.)

that available anywhere else on the Chinese coast. The South Manchuria Railway system was widened and improved; its operation reached a steady level of effectiveness in contrast to the non-Japanese lines in the region. The connections of the railroad throughout Manchuria were extended; in 1917, the Kirin-Changchun Railway was put under its management. In the Kwantung leased territory, and along the railway line, the railroad company and other Japanese or Sino-Japanese enterprises created cities and new businesses. The growing population of Manchuria provided increasing traffic. Dairen became the central point on the trade route not only for commerce with South Manchuria, but with many parts of Central and North Manchuria. The net total trade of the port passing through the Maritime Customs grew from 51 million taels in 1910 to 100 million in 1916, to over 200 millions by 1919, to almost 400 millions by 1928. Its predominance in the export trade was greater than in the import trade. From all over Manchuria, during the troubled years of the Russian revolution and the disorganization of the Chinese Eastern Railway, the bean and cereal crops moved to centers along the South Manchuria lines, whence they began longer travels. The trade from North Manchuria once obtained, the South Manchuria Railway reduced its rates to withstand the competition of the Russian ports. In 1922, the South Manchuria Railway and the Chinese Eastern Railway entered into a through traffic agreement that favored the shipment of goods south rather than through Vladivostok. In 1925, another agreement was signed dividing the staple cargo from South Manchuria. The Kwantung leased territory and the railway area became the seat of a steadily growing variety of enterprise and a busy population. An indication of the importance of the port in Manchurian trade is given by the following analysis of the movement of foreign goods into Darien.

TABLE III*

FOREIGN IMPORTS INTO DAIREN (INCLUDING JUNK TRADE)

(In Millions of Haikwan Taels)

	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Imported into leased territory by sea (a) from foreign countries .	18.7	24.4	27.1	28.8	28.9	24.9	33.4	58.3	67.0	89.6	71.0	67.7	65.7	68.4	77.2	78.0	102.1	102.1	117.1
(b) via Chinese ports . . .	1.8	3.4	3.3	3.8	4.3	7.3	7.3	9.5	8.8	9.8	9.1	16.6	11.4	10.5	8.7	9.1	9.8	11.5	11.1
Total—by sea . . .	20.5	27.8	30.4	32.6	33.2	32.2	40.7	67.8	75.8	99.4	80.1	84.3	77.1	78.9	85.9	87.1	111.9	113.6	128.2
Re-exported	....	1.8	2.5	3.6	3.8	4.7	5.0	5.0	7.3	10.4	10.2	7.6	6.0	8.7	5.1	5.4	5.9	7.8	8.2
Sent into Manchuria by rail	12.4	16.4	19.2	22.5	17.9	16.8	25.8	42.5	48.4	63.0	52.6	56.7	52.8	53.9	57.3	58.9	76.3	73.3	83.7
Total sent out of leased area . .	12.4	19.2	21.7	26.1	21.7	21.5	30.8	47.5	55.7	73.4	62.8	64.3	58.8	62.6	62.4	64.3	82.2	81.1	91.9
Balance kept in leased area . .	8.1	9.6	8.7	6.5	11.5	10.7	9.9	20.3	20.1	26.0	17.3	20.0	18.3	16.3	23.5	22.8	29.7	32.5	36.3

*These figures must be taken to be only rough approximations. For it is certain that they do not reflect prices or price changes accurately, first, because of the tendency to use fixed prices for valuations, secondly, because "the valuations of specific-duty-paying goods are compiled from applicants' statements, and, in the absence of the right to demand production of duly certified invoices, are published with reserve." (*Chinese Maritime Customs.*)

In reading this table it must be remembered that products of the leased territory shipped into Manchuria by railroad may or may not pay regular customs tariff as foreign goods at the option of the importer who may pay local dues instead. If products of the leased territory made from Manchurian raw materials are reshipped into Manchuria, they are counted as Chinese merchandise. (*Chinese Maritime Customs.*)

Trade of Antung

During the period of Dairen's rise, another Manchurian trade route developed through Antung, where a customs station was established. This city is located near the mouth of the Yalu River.[1] But its commercial importance was derived only secondarily from water-borne traffic. Opened to trade in 1903 by treaty between the United States and China, and under development by the Japanese as early as 1907, its importance dates especially from the completion of the railway from Mukden to Antung in 1911. The bridging of the Yalu at Antung created a continuous line between the Manchurian and Korean railways. This route became the natural one for Korean trade, and an active competitor to Dairen for the trade between Manchuria and Japan (over the Korean railways). The net volume of trade recorded by the Maritime Customs rose from 8.9 million taels in 1910 to 63.0 million in 1920, by which time it exceeded that of Newchwang, to 105.5 millions in 1927. With Dairen it became an important shipping route for Manchurian agricultural exports and for imports of such commodities as cotton textiles.

The rise of Antung was aided by the fact that from 1913 on, imports through Antung into Manchuria by rail paid one-third less customs duties than those coming by steamer. This was modelled after the privilege enjoyed by the Chinese Eastern Railway under the original conventions between the Chinese Eastern Railway Company and the Chinese Government made during 1896 and 1898. Too, the growth of trade over this route was advanced by the rate reductions made by the Imperial Railways of Japan

[1] Antung was opened to international trade by the commercial treaty between the United States and China, signed on October 8, 1903. An office of the Chinese Maritime Customs was not established at Antung until March 14, 1907, shortly before the opening of the Dairen branch. (*British Diplomatic and Consular Reports, Trade of Antung*, 1907. *Annual Series*, No. 3992, p. 3.) During the war with Russia, the Japanese laid the foundations at Antung for their future predominance in the port's foreign trade. By 1907, the Japanese population of Antung had already become 6,000. A thousand Japanese and twice that number of Koreans were also settled in the Maoerhshan (Linkiang) district by 1907, being engaged in timber cutting and export. The Hun River valley, adjoining the Yalu, was the principal zone of exploitation of the timber by the Sino-Japanese Yalu Lumber Company, formed in 1907. During the years immediately after the Russo-Japanese war, a tide of Chinese immigration set in to Antung, for the dual purpose of obtaining employment in timber cutting and rafting, and of developing the tussuh silk (produced from 'wild' silk worms on oak leaves) in the Antung region. (Young, C. Walter, *Chinese Colonization and the Development of Manchuria*, published in the *Proceedings of the Institute of Pacific Relations*, 3rd Biennial Conference (Kyoto, Japan) 1929.)

and Korean Governments to develop traffic. These reductions, inaugurated in 1913, brought about a vigorous rate competition between the Korean railways and the South Manchuria Railway, which was not ended till the two systems were put under the same control in 1919 (terminated in 1925). Despite this aid, and the upbuilding of the city of Antung, and the use of the route for commerce even with North Manchuria, the supremacy of Dairen was never brought into doubt. In 1928, the commerce passing through the port was only one quarter of that going through Dairen.

The record of trade over all these South Manchurian routes has thus been one of rapid and almost continuous growth.

North Manchurian Ports

No such great increase has occurred over the routes through the commercial ports of North Manchuria. Statistics of the foreign commerce of this region are lacking for the years preceding 1908–09, when stations of the Imperial Maritime Customs were established at five points—Harbin, Manchouli, Suifenho, Sanhsing and Aigun. None of these are seacoast ports. Harbin developed as the interior trade center of the region, being an important railroad junction point. Manchouli (on the western frontier of Heilungkiang province) and Suifenho (in Kirin province bordering the Maritime province) are the points of entry and exit of the Chinese Eastern Railway, and their trade fluctuated with all the episodes affecting transit over that line and the adjacent Russian regions. Aigun (on the northern border of Keilungkiang province) has no railroad connection (though it is just across the Amur River from Blagoveschensk where the Trans-Siberian Railway touches) and served mainly as local distributing center and focus of frontier trade. Sanhsing (an interior point in the Kirin province on the Sungari River) likewise had no railway connection. The natural trade through these ports was of three kinds: (1) importations for the North Manchurian regions and exports of their produce; (2) as the route for goods coming or going between Manchuria and Russia or Germany over the Chinese Eastern Railway; (3) goods moving to or from Manchuria via the port of Vladivostok. Russia endeavored to build

up the cities of Harbin and Vladivostok. Trade over the Chinese Eastern Railway was helped by the one-third "land frontier" reduction in the Chinese customs tariff applied to goods moving on that route.

The published statistics of the trade through North Manchurian ports do not represent accurately the course of trade in the North Manchurian region. The enormous land frontier between Manchuria and Russia and the frequent disorder and banditry near the frontier permit smuggling with ease, and part of the trade of the locality passes that way. But even more important is the fact that much of the goods entering and leaving North Manchuria was shipped over South Manchurian routes. As early as 1912, the customs officials in North Manchurian centers record that fact in their reports. The European War, the Russian revolution, the subsequent disorders in Siberia and North Manchuria, the quarrels over the régime of the Chinese Eastern Railway, while destroying much of the economic life of the region, turned what trade there was to the southern routes. For almost ten years, 1914 to 1924, the Chinese Eastern Railway and the port of Vladivostok were dislocated with frequent interruptions of traffic and a general lack of safety for trade. The installation of the Inter-Allied Technical Board in control of the Chinese Eastern Railway in 1919 helped partly to restore the traffic; the Sino-Russian agreement of 1924 helped to regularize it further. The gradual restoration of trade and order in Vladivostok, especially since 1924, contributed to the same result. But even now a large part of the trade of North Manchuria is carried on through the South. The course of the total trade passing through the five stations of North Manchuria is given in Table IV and Chart VI. Between 1910 and 1920, the value of the trade dropped from 59.1 million taels to 33.1 million taels. The European War greatly reduced the imports from Russia and Germany over the Chinese Eastern Railway and the shipments for the outside world through Vladivostok. Shipments of war supplies into Russia somewhat sustained the total until 1918. The coming of the Russian revolution, with subsidiary disorders throughout North Manchuria, brought the trade to an unprecedented low total. The movement of goods through Manchouli fell greatly. Trade at Aigun almost completely vanished. Russian

TABLE IV*

TRADE THROUGH THE MAIN MANCHURIAN PORTS

(In Millions of Haikwan Taels)

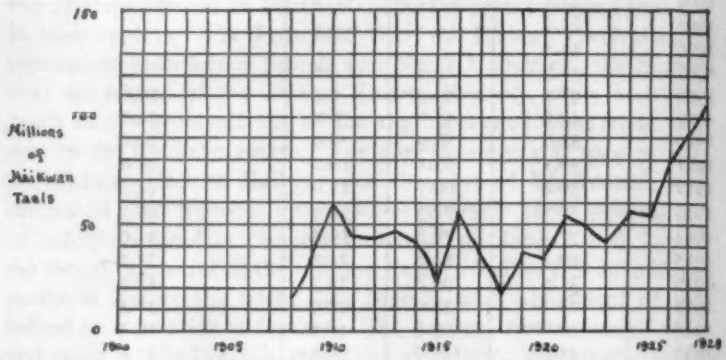
	South Manchurian Ports			North Manchurian Ports
	Newchwang	Dairen	Antung	(Aigun and Harbin District)
1900	22.0	.....	.....	.....
1901	42.2	.....	.....	.....
1902	42.7	.....	.....	.....
1903	47.6	.....	.....	.....
1904	32.4	.....	.....	.....
1905	61.8	.....	.....	.....
1906	44.5	.....	.....	.....
1907	32.3	13.8	4.8	.....
1908	41.2	32.3	6.2	15.8
1909	44.6	43.6	8.2	34.7
1910	53.0	50.9	8.9	59.1
1911	58.1	63.1	10.1	44.8
1912	50.4	60.7	11.0	44.5
1913	50.1	72.3	14.9	48.7
1914	37.3	78.8	19.5	41.9
1915	40.4	83.8	24.2	32.7
1916	31.5	99.8	28.7	56.5
1917	28.8	135.0	42.9	38.5
1918	30.0	165.8	40.1	16.4
1919	41.6	210.7	59.4	37.2
1920	46.1	203.7	63.0	33.1
1921	57.4	210.4	63.0	53.0
1922	57.8	220.0	71.6	49.5
1923	71.6	230.5	87.1	42.8
1924	55.2	240.7	65.6	56.8
1925	78.9	273.5	85.2	55.1
1926	78.6	332.1	93.1	79.0
1927	71.2	336.4	105.5	91.5
1928	75.5	392.1	97.3	106.3

*Net imports of foreign goods, net imports of native goods, and total exports of goods of local origin. (*Chinese Maritime Customs*)

restrictions added their effect to those of the revolution and the railroad and currency difficulties. In the subsequent years, commerce revived. By 1928, its total exceeded 106 million taels. Bean production in North Manchuria has been steadily increasing and simultaneously the bean exports over the Vladivostok route. The prospect in 1931, despite the recent Sino-Russian dispute over

CHART VI

TRADE OF NORTH MANCHURIAN PORTS, HARBIN DISTRICT (PORTS OF HARBIN, AIGUN, SANHSING, MANCHOULI, SUIFENHO) PASSING THROUGH THE MARITIME CUSTOMS
(Net imports of foreign goods, net imports of native goods, and total exports of goods of local origin)



the Chinese Eastern Railway, is for a continued and substantial increase. Trade with Russia and Germany has been moving back towards pre-war trends. Japanese interests and investments continue to advance. Immigration into North Manchuria, and the extension of cultivation, is markedly great. But it is not likely that the trade moving through North Manchurian ports will resume its former relative importance. For one thing, the strengthening of commercial and financial relations between Japan and Manchuria assure a steady pull of the trade towards Dairen and Antung in direct route to the chief market and chief provider.

In 1910, using the figures given in Table IV, the trade passing through the North Manchurian points of entry was over 50 per cent as great as that through South Manchurian points. In 1920,

it had fallen to about 11 per cent; in 1928, it had again exceeded 20 per cent. These figures, since they do not include trade by junk in the south, exaggerate the relative importance of the trade movement through North Manchurian points of entry.

Southeast Manchuria—Chosen Frontier Trade

Account should be taken of still another Manchurian trade route —through the ports of Hunchun and Lungchingtsun opened in 1910.[8] Hunchun is on the river of the same name, on the Korean frontier. Lungchingtsun is farther west. Both may become important junction points with the completion of the railroads now building or in prospect, perhaps establishing in time a new through route from the Kirin province to Japan and giving Manchuria an opening on the sea of Japan. But up to the present, their trade has been of small dimensions. The disturbances in Russia have interrupted their development, and the competition of Huining (Kainei in Japanese), the terminus of the Chosen Railways, cut into their trade with Manchuria. But these are only temporary obstacles. Trade inward and outward through some point on the North Korean boundary, adjoining Kirin province, and near Vladivostok, is certain to increase.

IV. Geographical Distribution of Manchurian Foreign Trade

When we turn to inquire into the distribution of the foreign trade of Manchuria between different foreign countries, the available records supply no precise or full information. In the documents published by the Maritime Customs, no analysis is made of

[8] The future of these ports depends almost entirely upon the possible completion of the Kirin-Tunhua railway extension of Chosen (Korea). This railway, built with Japanese capital, has been completed to Tunhua in Kirin province, and certain narrow-gauge light railway lines are to be found in this extreme southeastern part of Manchuria. The great political and strategic significance of this proposed railway extension to Chosen, i.e. to Kainei, has so far obstructed a definitive agreement between China and Japan for the completion of this new through-traffic route from Chosen to Kirin, Changchun and Harbin.

There has been much discussion among Japanese officials and railroad experts as to whether the port of Rashin, or that of Seishin, in northeastern Chosen, should be made the outlet of this new railway system on the Japan Sea. The eventual selection of such a port, and the route of the proposed line, would determine to a large extent the future of all of these cities in Southeastern Manchuria, including Hunchun, Lungchingtsun, and Maoehrshan (Linkiang). The immediate environs of these cities is well supplied with virgin timber stands, and the lumber would tend to move down the Tumen River to the Japan Sea.

TA[1]

DIRECT TRADE BETWEEN THE PORTS OF SOANCHURIA
REGIONS (I.E. NOT INCLUDING TRAFOREIGN G

(In Milli ikwan T

Imports into Manchuria

from	1913	1914	1915	1916	1917	191	1919
Japan	31.9	34.9	33.6	47.9	77.3	69	92.0
Korea	....	....	....	....	....	4	5.3
Hongkong	2.4	2.5	2.6	3.5	4.1	4	3.2
Europe	4.0	4.9	1.0	1.4	1.4	0	2.5
United States of America	2.5	5.0	2.6	2.5	5.5	11	19.5
Total Foreign Imports	42.7	49.4	43.1	56.8	91.6	93	126.9
Net imports of native goods from Chinese ports through Maritime Customs	14.9	12.9	18.6	18.9	18.9	24	30.1
Imports from Russia through Harbin District	....	....	....	....	....	5	13.1

Exports from Manchuria

to	1913	1914	1915	1916	1917	19	1919
Japan	39.4	39.7	38.7	37.3	46.2	58	97.0
Korea	....	....	....	....	....	10	18.3
Hongkong	1.5	1.2	1.5	1.3	1.2	1	0.9
Dutch East Indies	0.1	0.9	1.3	0.9	0.5	1	1.1
Europe	2.6	2.8	5.1	6.1	1.5	0	11.4
United States of America	0.1	0.7	0.4	2.5	15.9	28	10.4
Total Exports to Foreign Countries	45.4	48.6	48.3	49.8	66.2	101	147.8
Total exports to Chinese ports through Maritime Customs	25.9	20.3	34.3	24.5	27.7	22	20.2
Exports to Russia through Harbin Customs District	....	....	....	....	....	12	20.4

[1] All statistics save those for imports and exports to and from Chinese ports and import exports throu Bank of Chosen.

[2] Export figures for 1928 include re-exports to foreign countries; for other years net ex Manchuri customs.

TA[illegible]

'S OF SOUTH MANCHURIA AND CERTAIN GEOGRAPHICAL
G TRADE FOREIGN GOODS VIA OTHER CHINESE PORTS)

Millions Haikwan Taels)

into Southern Manchurian Ports

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
69	92.0	82.3	71.6	71.3	67.9	63.4	88.3	102.7	98.9	109.2
4	5.3	5.9	6.4	3.7	5.2	4.8	4.3	4.9	6.1	7.1
4	3.2	4.5	7.0	4.7	5.5	5.0	5.5	7.9	10.3	10.9
0	2.5	2.2	3.2	6.2	7.8	12.6	15.6	14.1	14.5	26.9
11	19.5	11.9	12.5	15.6	16.6	21.0	14.4	16.5	16.9	19.6
93	126.9	109.9	104.7	105.7	107.1	112.9	133.7	152.6	151.0	179.1
24	30.1	28.8	32.7	33.5	45.7	31.1	57.0	62.4	53.4	57.0
5	13.1	7.8	6.8	10.9	8.1	7.8	11.1	17.3	19.8	26.3

rom Southern Manchuria Ports[2]

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
58	97.0	81.2	89.8	80.4	105.5	99.2	99.2	111.5	102.3	123.3
10	18.3	19.0	13.0	18.8	25.0	24.4	29.1	36.2	48.7	38.3
1	0.9	1.5	3.4	2.5	2.5	2.3	2.7	3.6	4.9	6.7
1	1.1	1.9	4.2	6.4	4.1	4.1	4.9	4.1	4.8	6.3
0	11.4	18.0	11.1	10.3	14.7	18.6	17.4	28.6	36.1	38.5
28	10.4	7.1	2.8	4.7	7.3	6.2	8.1	9.0	8.0	6.9
101	147.8	141.9	136.6	128.7	165.7	163.7	171.8	204.7	217.9	240.4
22	20.2	33.6	44.8	76.0	67.0	39.9	71.6	78.3	88.7	85.9
12	20.4	19.0	21.0	39.6	44.7	44.7	42.1	57.2	66.8	76.0

mport[illegible]xports through Harbin District taken from publications of the South Manchuria R. R. and the net ex[illegible] Manchurian produce. Both imports and exports do not include the trade through the native

the national origins of the foreign goods entering Manchuria, or of the distribution of sales of Manchurian produce according to countries. In the unpublished material of the Customs Service, this information is collected. From these files, the South Manchuria Railway has drawn up an analysis of the distribution of the foreign trade passing through the South Manchurian ports and in much less detail through the Harbin District. On this, and on the general observations of the customs officials and other informed individuals, we must rely for an estimate of the trend of total trade with various foreign countries. The analysis covering the period 1913 to 1928 is given in Table V.

It is impossible to be certain as to the extent to which the points indicated in the customs records are really points of origin or ultimate destination. Furthermore, figures drawn solely from the trade of the South Manchurian ports are only imperfectly representative of the whole of Manchurian trade. In particular, they leave out of sight the trade carried on with Russia, which has again become of substantial importance.[9] The available documents furnish information as to the trade with Russia in recent years, but not in a form comparable with the rest of the material. Besides, all or almost all shipments passing between Russia and Manchuria on the Chinese Eastern Railway are recorded as going to or coming from Russia, while many are, in fact, *en route* to or from distant points, as, for example, Germany. I, therefore, have contented myself with inserting at the foot of Table V the total volume of exports to and imports from Russia through the Harbin Customs District for a few recent years, as a counterweight to the bias of the figures for the South Manchurian ports given more in detail.

Of the imports through South Manchurian ports from foreign countries, Japanese shipments seem to have averaged about 70 per cent of the total during the whole period. It is well known that in earlier years the proportion was smaller.[10] During the war period, when European and American production was devoted to war purposes, the imports from Japan became of even greater relative

[9] According to the *Report on Progress in Manchuria, 1907–28*, published by the South Manchuria Railway in 1929, p. 106, exports to Russia in 1927 totalled 77 million taels; imports from Russia 21.3 million taels. Part of these goods was no doubt destined for shipment to further points.

[10] According to the *Report on Progress in Manchuria 1907–28*, p. 106, imports from Japan in 1908 were 42.5 per cent of the total imports of all Manchuria.

importance. But during 1927 and 1928, they fell to about two thirds the total proportion obtaining in 1913; or, in other words, the import trade with Japan passing through the Maritime Customs of South Manchuria has increased in about the same proportion as the whole of the foreign import trade through these ports. When the trade through the northern ports is taken into account, the percentage is reduced. These Japanese imports represent a considerable and growing variety but are composed almost entirely of manufactured goods. Imports from Korea appear to have grown little in recent years.

Imports from Europe, excluding Russia, through South Manchurian ports, were about one tenth of the total imports of foreign goods in 1913, and this was a greater part, perhaps, than in the immediately preceding years. During the European War, imports from Europe declined to almost nothing, save from the neutrals. After 1918 the sales by Europe began to revive slowly, and during 1926–27 were only a slightly smaller part of the whole than before the war. In actual value they were greater than pre-war sales, averaging 14.7 million taels in 1926–27, as compared with 4 million taels in 1913–1914. By 1928, they had climbed to 26.9 millions, a new peak and almost one sixth of the total. Great Britain, Germany, and Belgium shared most of this trade: Great Britain in woolen goods, machinery and chemical products particularly, and Germany along similar lines. It is interesting to note that Belgium's sale of iron and steel products (excluding machinery) has been greater than that of either Great Britain or Germany. The imports recorded as from Russia through the northern ports were larger than those from the rest of Europe, 19.8 million taels through the Harbin Customs District in 1927, 26.3 millions in 1928; but, as has already been remarked, some of these goods may have originated elsewhere. Nevertheless, the revival of Russian trade is of distinct interest.

In connection with the European trade, that of Hongkong should be observed, for shipments from Hongkong are mainly shipments of European origin, especially but not exclusively British goods. That trade, too, seems to have resumed its pre-war place.

The imports from the United States through the South Manchurian ports appear to have increased in value at an even greater rate than the total foreign import trade through these ports; but

the figure given for 1913, 2.5 million taels, appears abnormally small.[11] Since 1922, the value of American goods imported has remained about stationary. In 1924, they reached 21 million taels, almost 20 per cent of the total; in 1927, they were 16.9 million taels, about 11 per cent of the total; in 1928, 19.6 million taels, about the same percentage. The American share of cotton goods

[11] *Ibid.*, p. 106, gives a figure of imports from the United States in 1906 of 6.8 million taels for the whole of Manchuria.

Mr. C. Walter Young, utilizing United States consular material, makes the following estimates for 1928. I append them as original computations, though his figures for imports from the United States in 1928 are smaller than those given by the South Manchuria Railway.

"Turning to the strictly American share of the Manchurian foreign trade, some alterations seem necessary in the interest of accuracy, as shown by the American consular figures for Manchuria which, for several reasons, are more indicative of the real character of the American trade. According to the American consular figures for 1928, it appears that the American exports to Manchuria were, in fact, valued substantially higher than is stated to be the case in the customs figures for the same period. This discrepancy is due, principally, to two factors: the very considerable *indirect trade* which should be credited to the United States, but which is actually credited to Japan when Kobe and Yokohama are the ports of transshipment to China, and to China, when Shanghai or Tientsin is a port of transshipment for goods in the Manchurian trade which are really American. The second reason is the difference in valuation placed upon Manchurian exports to the United States when consular invoices are made at Harbin, Mukden or Dairen, and when the same commodities are listed in the customs figures.

This difference may be illustrated from the following comparative table of both imports and exports in Manchuria's foreign trade, showing the American share for 1928:

Total trade of Manchuria, 1928	$483,750,609.00	(This is the consular conversion of customs figures into U. S. gold dollars, but includes both "Foreign Goods" and "Native Goods")
Total *foreign* trade of Manchuria, 1928	$442,959,616.00	(Omitting "native goods" but exports same as in above.)
American trade 1928 (U. S. Consular estimates)		
Exports (to U. S.)		
Direct trade	$13,008,798.00	(declared invoices at U. S. consulates)
Indirect trade	3,000,000.00	(estimate of American share of Antung tussuh silk exports, transshipped in Japan, but destined for U. S.)
Total Exports	$16,008,798.00	(approximate)
Imports (from U. S.)		
Direct trade	$14,074,300.00	
Indirect trade	3,000,000.00	(estimate of indirect imports, especially those transshipped in Japan)
Total Imports	$17,074,300.00	(estimate—about 10 per cent of all imports)
Total American Trade	$16,008,798.00 17,074,300.00	
	$33,083,098.00	(Total American trade according to U. S. consular estimate). Approximately 7.5 per cent foreign trade

In addition the undervaluation of values in the customs returns must be taken into account. There is an obvious difference in valuations declared for the customs, and those declared at the American Consulates in Manchuria, which leads to a serious undervaluation of exports to the United States. While the same tendency holds for goods shipped to other foreign countries, I do not believe the discrepancy is as great."

and other textiles entering Manchuria has, like the British, declined to small proportions; but the growth of American sales of railway equipment, of other machinery, of iron and steel, automobiles, and kerosene, has produced a rising total.[12] In 1927, imports from the United States formed about 25 per cent of the tobacco (in all forms) imported, about 15 per cent of the steel and iron manufactures, about 25 per cent of the vehicles, 10 per cent of the machines and machinery, 70 per cent of the kerosene, 19 per cent of the flour. The recorded American share of the imports of minerals and metal products outside of iron and steel, of chemical products, of electrical equipment, of dyes and paints, has been very small. But this is given in greater detail at another point.

It is of interest to observe that imports of goods into South Manchurian ports from the rest of China (passing through the Maritime Customs) have increased about as rapidly as the imports of foreign goods.[13] Making up almost half the total of imports from China going through the Maritime Customs in 1927 were "cotton goods" and "cotton yarn." Imports of cigarettes and other forms of tobacco and of flour were also important.

The share taken by Japan of exports to foreign countries through the South Manchurian ports (as far as indicated by the statistics of the South Manchuria Railway) has been, up to the recent past, an even larger part of the total than the Japanese share of the import trade through these ports. Frequently over three fourths of these exports were sent to Japan (including Korea). However, in recent years, the percentage shows a decline. In 1926, exports to Japan and Korea were 72.5 per cent of the total exports to foreign countries; in 1927, 6.93 per cent; and in 1928, 67.2 per cent. If, furthermore, the trade with Russia through the Harbin District is accounted for as going to other countries than Japan, this is reduced to about 53 per cent of the total exports to foreign countries in 1927, and 54 per cent in 1928, which is certainly less

[12] It is not made clear in the publications whether the South Manchuria Railway includes purchases by that railway. That all such purchases cannot be included is indicated by the fact that in certain years the railway reported purchases from the United States (*ibid.*, p. 105) greater than the total of imports from America given in the other tables. Probably much of the railway material was shipped to Japan, then reshipped.

[13] The figures given in Table V do not accurately indicate the importance of Chinese trade with Manchuria, for they include only the goods passing through the Maritime Customs; those passing through the Native Customs are not given in this table. On the other hand, a larger part of Chinese goods than of foreign goods came through South Manchurian ports. The South Manchuria Railway estimates that the total movement of Chinese goods into Manchuria in 1927 was over 89 million taels, including native customs trade.

than in the pre-war period. But we do not know how large a part of the exports to Russia ultimately found their way to Japan. On the other hand, it must be remembered that Japan is an entrepôt for Manchurian trade also, and that some of the goods brought there from Manchuria are later dispatched to other lands.

Japan remains, as far as these figures are trustworthy, the largest single purchaser of beans and bean cake, but has been taking a declining part of the bean-cake export and little of the bean oil. Korea is the greatest purchaser of millet, another important Manchurian export. The other cereals produced, with the exception of kaoliang, also move predominantly to Japan and Korea. These two countries, along with China, purchase virtually all the exported coal. Of the Manchurian export of silk and silk products and of iron and iron manufactures, Japan takes by far the largest share. Much of the silk she re-exports in the same or in a changed form. The iron manufactures are but a small part of her total imports. The details of Japanese purchases are set forth at a later point. This demand of Japan for Manchurian products has indirectly assisted in the building up of Japanese exports to Manchuria; for the steamship companies have offered low rates to fill their hulls for the return trip, and it may be surmised that railroad rate policy has tended in the same direction as far as the equipment was suitable for different freight movements.

European purchases of Manchurian produce at the beginning of the century were extremely small. But in 1908, bean cake was introduced into Europe and the sales in this market have grown persistently, especially in the Netherlands, Great Britain, Italy, and the Near East. The purchases of the Netherlands and the Netherlands East Indies have been particularly heavy during the past few years. Shipments to Russia have also been heavy: 34.6 million taels through the Harbin Customs District in 1927. Bean oil has also found a market outside of Japan, especially in Great Britain, the Netherlands, Russia, and, during some years, Germany. But these bean products, seeds, and hides constituted the only exports moving to Europe in substantial quantities. Still, exports to Europe are a larger share of total Manchurian exports than they were before the war, forming in 1927 about 17 per cent and in 1928, 15 per cent of the exports to foreign countries going through the South Manchurian ports (i.e. leaving shipments to

Russia through North Manchuria out of account, as well as shipments to Hongkong).

Shipments to the United States through the South Manchurian ports, as recorded by the South Manchuria Railway, have grown, but still form only a small element in the total, even when allowance is made for untraced indirect shipments. During the war, they rose to 28.3 million taels; but in 1926, they were only 9.0 millions; in 1927, 8.0 millions; and in 1928, only 6.9 millions; though, as Mr. Young points out, these omit indirect trade. Of the 8 million taels reported by the South Manchuria Railway documents for 1927, however, almost 4 million were re-exports of Chinese goods, the nature and origin of which remains unrecorded. American purchases through South Manchurian ports were, in 1928, of bean cake and bean oil, certain other oils, a few random shipments of coal, hair, and bristles (less than half a million taels), hides, and skins. Probably the United States is the ultimate destination of many of the hides and skins sent to Russia via North Manchuria, and of the raw silk sent to Japan. The expansion of the American demand for bean oil was obstructed by the tariff to protect cotton-seed and other domestic oils. The United States has no need for the cereal crops of Manchuria, nor for the bean cake.

Even though the figures given of exports to China include only those moving through the Maritime Customs, the volume shown indicates a most substantial increase—more than a trebling of the exports of the pre-war period. The increase has been especially marked since 1920. In 1927, the exports to China through the Maritime Customs in South Manchuria rose to 40.7 per cent, in 1928, 35.8 per cent as great as those to all foreign countries. This relative importance would be reduced, however, if the trade through North Manchurian ports were to be entered into the account.

In general, the figures indicate that Manchurian exports during the past two decades have been obtaining a wider geographical distribution. Formerly Japan was almost the sole market. Gradually the markets of the European countries and of their colonies, of the rest of China, and of the Near East, have increased their purchases. American purchases have increased less rapidly.

V. Analysis of Exports by Commodities

The chief export commodity of Manchuria has always been the product of the bean crop, exported as beans, as compressed cakes, as bean oil. These products have a myriad of uses as human food, as animal food, as fertilizer, and as a useful oil in many industries. The volume exported through the Maritime Customs

Table VI

EXPORTS OF BEANS, BEAN CAKE, AND BEAN OIL, AND PERCENTAGE OF THESE EXPORTS IN TOTAL EXPORTS TO CHINA AND FOREIGN COUNTRIES, THROUGH THE MARITIME CUSTOMS

Year	Millions of Haikwan Taels	Percentage of Export of Beans, etc., to Total Exports
1900	9.6	83.9
1901	16.1	86.0
1902	14.3	81.7
1903	13.9	73.4
1904	8.7	71.3
1905	9.1	76.8
1906	12.3	83.4
1907	14.5	68.3
1908	26.9	59.6
1909	54.0	69.8
1910	49.6	61.9
1911	63.7	68.8
1912	50.3	60.4
1913	54.8	58.2
1914	54.2	61.3
1915	63.7	61.1
1916	62.8	56.1
1917	69.5	57.4
1918	77.8	62.3
1919	72.8	61.0
1920	93.8	52.1
1921	113.1	57.5
1922	134.6	56.1
1923	151.3	59.5
1924	159.3	64.4
1925	169.5	60.1
1926	202.7	59.5
1927	222.1	59.4
1928	244.7	60.8

increased tenfold between 1907 and 1928 and in the latter year reached a total of 244 million taels. (See Table VI.) Despite this great growth, bean products form today a smaller part of the total volume of Manchurian exports than in former years. Those passing through the Maritime Customs formed only about 60 per cent of the total goods movement recorded in 1927 and 1928. The other resources of Manchuria are being developed and turned into the channels of world trade.

Japan, at least since 1900, has been the chief purchaser of these products, but they have been finding their way into other markets. From figures published by the South Manchuria Railway, compiled on a somewhat different basis from figures previously used, it is possible to get a rough idea of the distribution of the exported bean products for recent years. In studying Table VII, the field

TABLE VII*

PERCENTAGE OF EXPORT OF BEAN PRODUCTS DISPATCHED TO VARIOUS GEOGRAPHICAL REGIONS

	Japan		Korea		Other Parts of China		Hongkong		Great Britain		Germany	
	1923	1927	1923	1927	1923	1927	1923	1927	1923	1927	1923	1927
Beans . . .	49.0	17.7	2.4	0.2	34.1	19.8	1.8	1.5	2.8	3.0	0.3	0.5
Bean cake .	73.5	44.4	2.5	6.3	23.4	28.6	.0	.0	.0	.0	.0	.0
Bean oil . .	.0	.0	.0	.0	11.3	15.8	0.7	0.3	25.0	26.3	3.6	0.3

	Netherlands		United States of America		Netherlands East Indies		Turkey, Egypt, Persia, etc.		Russia	
	1923	1927	1923	1927	1923	1927	1923	1927	1923	1927
Beans . . .	2.5	7.8	.0	.0	9.2	4.1	5.2	8.6	....	32.4
Bean cake .	.0	.0	0.5	1.1	.0	.0	.0	.0	....	19.5
Bean oil . .	12.1	.0	15.2	4.9	.0	.0	11.7	0.3	....	21.4

*This table is based on total Manchurian exports to foreign countries and other parts of China, junk and steamer, with no deduction made for re-exports. It contains an unknown amount of duplication.

For 1923, percentages are based on the exports from South Manchurian ports only; those for 1927 include exports of Harbin District also, which brings in the trade with Russia. The percentages for the two years are, therefore, not closely comparable. The ultimate destination of goods sent to Russia is unknown.

covered, as indicated in the footnote, should be observed. Only the chief markets are indicated and these are not necessarily points of ultimate destination; e.g., all exports going on the Chinese Eastern Railway are recorded as exports to Russia while their ultimate destination may be elsewhere.

TABLE VIII

TREND OF CHIEF EXPORT COMMODITIES OF MANCHURIA THROUGH MARITIME CUSTOMS, AS SHOWN BY GROSS EXPORTS TO FOREIGN COUNTRIES AND OTHER PARTS OF CHINA

(In Millions of Haikwan Taels)

	1903	1908	1913	1918	1923	1927	1928
Beans, bean cake and bean oil[1]	9.6	26.9	54.8	77.8	151.3	222.1	244.7
Cereals	....	0.8	11.2	8.1	30.7	53.3	51.5
Coal	....	0.1	6.6	5.3	17.5	34.9	34.5
Silk, raw, cocoons, waste and yarn	1.4	6.3	6.0	9.7	19.7[2]	12.6	11.2
Timber, hardwood and softwood	....	0.6	1.2	2.2	13.3	6.2	5.1
Iron, pig or unmanfactured	....	....	....	3.8	2.9	6.0	7.4
Seeds, including melon, sesame, cotton, and castor seeds	0.2	0.9	1.9	1.1	4.9	4.1	7.2
Skins, furs and hides	0.2	0.7	2.3	1.1	1.9	3.9	6.1
Ground nuts, unshelled and kernels	....	....	0.2	0.1	0.4	3.0	3.2
Cigarettes	....	0.1	0.1	0.7	2.8	2.4	2.4
Bran	....	0.1	0.1	0.2	1.8	2.1	2.7
Flour	....	1.3	1.4	3.2	1.5	0.8	1.8
Wool, including camel, sheep and goat wool	....	0.1	0.2	0.4	0.4	1.2	0.9
Meats, fresh and frozen	....	....	0.7	1.1	0.9	0.2	0.1

[1] Distributed as follows (Statistics from Chinese Maritime Customs.)

	1927	1928
Beans	109.0	155.9
Bean oil	29.8	17.6
Bean cake	83.4	71.3

[2] Exceptional year in raw, wild silk production.

It will be seen that beans find markets in China, the Netherlands and her colonies, Russia and the Near East, as well as in Japan. For bean cake, Japan remains the dominant market, closely followed by Russia and China. The bean oil is not sold in Japan; it moves to China, Russia (in part for further export to Japan and

Europe), to Great Britain—the largest market, to Italy, the United States, and the Near East. The distribution of sales has varied greatly from year to year. The American purchases have declined, since the passage of the Fordney-McCumber Tariff Act in 1921, to almost nothing. In some years, Germany imported large quantities of oil, but more recently she has turned to importing the soya beans themselves, in order to manufacture the oil and other bean products. The German tariff also complicates the situation.

In Table VIII figures are given of the value of the chief exports of Manchuria passing through the Maritime Customs for selected years since 1903. Second in importance to the bean and bean product export is that of the cereal crops: kaoliang (sorghum), millet, maize, rice, and wheat. These in 1927 totaled 53.3 million taels, in 1928, 51.5 million taels, many times the value in earlier years. Millet, the largest element in the total trade, was dispatched to Korea and Siberia, kaoliang chiefly to Korea and China. While the export of these two cereals has been growing, that of wheat has tended to remain stationary or to decline (see Table IX).

The export of coal has become third in importance in the ranks of Manchurian exports, 34.9 million taels in 1927 and 34.5 in 1928, through the Maritime Customs alone. This reflects the extension of mining operations of the South Manchuria Railway at Fushun and Yentai, though there are also other coal enterprises with potentialities in Manchuria.[34] This coal export was sent in scattering quantities all over the world. Japan has purchased about half of

[34] The whole question of present and potential export of coal from Manchuria is extremely complicated. No doubt the coal reserves, especially at Fushun collieries, controlled by the Japanese South Manchuria Railway Company, are immense, and the annual production is considerable. The real dependence of Japan upon a supply of coal from Manchuria is difficult to evaluate, as suggested by the fact that Japan is *both an importer and exporter* of coal. Moreover, the South Manchuria Railway Company has made arrangements with coal producers in Japan which actually establish an artificial relation between Japanese industrial requirements and the coal of Manchuria.

The coal reserves in Manchuria are widespread and occur both in so-called North and South Manchuria. The mines in operation in South Manchuria, of which the Fushun mines are by far the most important, include also the Yentai and Penhsihu mines, more or less under Japanese control, mines in Southwest Manchuria and other deposits of less significance. Those in North Manchuria include the very important Mishan mines on the eastern frontier near Lake Hanka and north of the eastern section of the Chinese Eastern Railway, as well as the Chalainor mines on the western frontier. Until recently, Fushun coal was used by Harbin; now this situation has changed with the development of the North Manchurian mines. The Japanese, however, control the largest producing mines, and the richest in reserve, in Manchuria.

TABLE X

PARTIAL GEOGRAPHICAL DISTRIBUTION OF MANCHURIAN

(In Millions Haikwan Tae

Through Sou Manchurian

	Japan			Korea			Other Parts of China			Hongkou	
	1923	1927	1928	1923	1927	1928	1923	1927	192	1923	1927
Beans	20.6	19.0	34.3	0.9	1.6	1.2	14.4	21.1	19	0.9	1.6
Bean cake	46.4	37.8	34.0	1.6	5.4	4.8	14.8	24.3	16	.....	.....
Bean oil	0.1	.....	0.1	.....	....	....	2.3	5.2	13	0.1	0.1
Millet	0.2	0.6	1.3	9.7	28.5	19.6	0.7	0.8	0	.....	.....
Kaoliang	1.2	0.6	1.5	0.2	0.3	0.3	14.5	16.2	16	.....	.....
Wheat	0.1	0.5	3.1	0.1	....	0.2	0.1	0.5	0	.....	.....
Coal and coke	7.1	16.1	16.2	4.4	3.4	3.3	3.8	11.9	11	0.5	1.1
Silk and silk products	9.0	8.1	7.5	.....	.....	.....	10.4	4.5	3	.....	.....
Timber, bamboo, etc.	5.4	.....	.....	4.9	4.3	3.6	3.0	1.7	1	.....	.....
Iron and iron manufactures[2]	2.9	5.2	6.4	0.1	0.3	0.4	0.2	0.5	0	0.2	.....
Seeds	2.7	1.8	3.5	0.2	0.4	0.7	0.7	2.2	3	0.2	1.1
Leather, hides and skins	0.1	0.8	1.3	.....	0.1	.....	0.3	0.2	0	.....	.....
Cigarettes, cigars, tobacco	1.0	1.2	1.2	.....	0.3	0.1	1.7	1.1	1	.....	.....
Flour	0.1	.....	.....	0.1	.....	.....	0.4	0.3	1	.....	.....

[1] These figures, taken from the *Annual Trade Return of North China*, Vol. I, *Manchur* published by and junk, including re-export of Chinese goods from other ports. They contain some duplicati and are not to Germany, the Dutch East Indies, and Turkey, Persia and Egypt. The exports to Germa were almost and Turkey, Persia, Egypt and Aden took, in 1928, over 16 million taels of beans.

[2] Figures for *1924*, instead of *1923*.

TABLE X

MANCHURIAN EXPORTS BY COUNTRIES OF DESTINATION[1]

(Haikwan Taels)

Manchurian Ports

Hongkong			Great Britain			United States of America			Grand Total			Through Harbin District	
1923	1927	1928	1923	1927	1928	1923	1927	1928	1923	1927	1928	1927	1928
0.9	1.6	2.7	1.2	3.2	9.6	.....	0.1	.....	42.1	72.2	108.3	34.6	46.4
.....	.....	.....	.....	.....	0.2	0.4	0.9	1.7	63.1	68.4	57.2	16.6	16.0
0.1	0.1	0.2	4.7	8.7	2.6	2.9	1.6	1.3	18.8	25.8	21.1	7.0	2.5
.....	.....	.....	.....	.....	.....	0.1	.....	.....	10.6	30.0	21.2	1.4	1.5
.....	.....	.....	.....	.....	0.1	.....	.....	0.1	15.8	17.1	18.7	1.7	0.5
.....	.....	.....	.....	.....	.....	.....	.....	.....	0.3	1.0	3.7	1.7	3.7
0.5	1.1	0.8	0.2	0.3	0.3	.....	0.3	0.3	17.6	35.3	34.9	.....	.....
.....	.....	.....	.....	.....	0.1	0.3	.....	.....	19.6	12.6	11.3	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	13.3	6.0	4.5	0.1	0.1
0.2	.....	.....	.....	.....	.....	.....	.....	.....	3.3	6.1	7.5	.....	.....
0.2	1.1	1.3	.....	0.1	0.1	.....	0.1	0.3	5.0	6.7	10.0	0.5	0.1
.....	.....	.....	.....	0.1	0.3	0.2	0.2	1.0	0.8	1.3	3.4	0.1	1.0
.....	.....	.....	.....	.....	.....	.....	.....	.....	2.8	2.5	2.3	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	0.5	0.4	1.6	.....	.....

published by the South Manchuria Railway, give total exports to foreign countries by steamer and are not comparable with figures given elsewhere. The above does not include the exports were almost negligible; the Dutch East Indies imported from 4 to 6 million taels of soya bean;

the rising volume of production, 7.1 million taels in 1923, over 16 million taels in 1927 and 1928. Some is sent to Korea, an increasing amount to China, 11.8 million taels in 1927 and 1928, and some to the Philippines and Hongkong. Manchuria is thus furnishing fuel to its neighbors in increasing quantities. The development of the industry, especially at Fushun, and the need of the Far East for coal, assures an intensification of the effort to create industrial enterprises and to establish power plants and public utilities throughout Manchuria.

Iron ore deposits exist at Anshan and Penishu.[35] At the former, the South Manchuria Railway has established modern works of large capacity. Some of the output, 6.0 million taels in 1927, 7.5 million in 1928, is exported; Japan and China bought virtually all the export of Manchurian iron and its manufactures; their needs are a strong reason for an extension of this movement, provided the content of the Manchurian ore proves satisfactory. Despite this export, Manchuria remains, of course, primarily a buyer, rather than a producer, of iron and steel. The growing production and export has been accompanied by a growing import, especially of those products which can only be turned out effectively in the world's great manufacturing centers. Manchurian production will offer some competition in the more simple lines of manufacture (so far the South Manchuria plant has not been very profitable) but the growing market will almost certainly require more iron and steel products from outside, not less.

Silk production (tussuh silk from "wild" silkworms on wild oak trees) has also been extending in Manchuria, as shown by the increasing volume of exports of raw silk, cocoons, and, within the last few years, of yarn, totalling 12.6 million taels in 1927, 11.3 in

[35] The principal iron mines and steel works of Manchuria are those at Anshan in South Manchuria, not far from the collieries at Fushun, both controlled by the South Manchuria Railway Company. The iron deposits at Anshan, however, are not particularly good, being poor in manganese content. It is doubtful if they have ever been really profitable in a business sense, when accounting methods are analyzed, and when due credit is given to what amounts to an official Japanese government subsidy of the Anshan Steel and Iron Works. The entire future of this plant is in doubt, partly because of the Japanese plans to construct a large plant in Chosen, near the Manchurian frontier, or in the Kwantung leased territory. The South Manchuria Railway Company has entered into an agreement with Japanese steel concerns to limit the export of the Anshan product to Japan. Japan's principal source of supply for iron in China is through the Hanyehping Iron and Steel Works near Hankow, far up the Yangtze River.

1928.[16] Two thirds of these were sent to Japan, the remainder to China, mainly in the form of raw silk and cocoons. A substantial part of the shipments in the form of pongee silk to Japan have the United States as their ultimate destination.

Timber, wool, seeds, and groundnuts are other products dependent upon the land, which have been moving abroad in growing amount. The timber goes to Japan especially, and to Korea and China. The seeds find their way around the world. Japan and China, as well as Russia and various parts of Europe, were large purchasers.

Hides, skins and furs of both domestic and wild animals are also exported in substantial amount. Of these, Russia and Japan were the largest direct purchasers; but the United States took a substantial part of the total, especially of the furs, and, if the total trade could be traced, possibly the largest share.

The great Manchurian plains and forests offer the settlers opportunities for all the forms of economic activity that thrive on good land in a climate running from temperate to cold; the variety of exports drawn from field, pasture, and forest can be greatly extended. These will continue to form the great bulk of Manchurian exports, the means by which the people of Manchuria purchase the manufactured products, the minerals, and industrial equipment from the rest of the world.

At the same time, within Manchuria economic development will be extended in new directions to take advantage of the local resources and to supply the needs of the upbuilding economic life. The iron and steel industries may be expected to continue their development—though doubt exists as to the quality of the resources. Bean-oil mills, flour mills, tobacco factories, and distilleries are of older standing.

The flour mills have not in recent years been successful in their competition with foreign mills. The volume of exports of flour

[16] The sericulture industry of Manchuria is, in some respects, almost unique. The silk produced is called "tussuh" from which pongee silk is made. The industry has always been centered around Antung near the mouth of the Yalu River, partly because of the fact that the wild oak trees, on which the "wild" silk worms feed, are native to that district, and partly because of the fact that the industry is associated with the industry across the Gulf of Chefoo, Shantung province, from which so many of the Chinese immigrants have come to this particular area. Throughout South Manchuria, in mountainous and hilly country where the oak leaves are native, as for example, east of Liaoyang, this interesting industry is conducted on a small scale.

has declined; and flour imports have again been resumed. The wheat situation in Manchuria seems at present in a problematic condition, partly due to the superiority of soya beans as a money crop, because of the more stable market quotations for beans than for wheat in the world markets, and partly because of the attitude of the Chinese farmers toward this crop in North Manchuria. Wheat is, nevertheless, a very important crop of North Manchuria. The production of wheat, however, has varied widely from year to year recently, and it seems that the enforced idleness until 1918 of the Harbin flour mills was caused not by inflation in their finance so much as by the fact that there was a dearth of wheat. The situation seems to have changed somewhat since that time, and Manchuria is a potential exporter of wheat or of wheat flour. The flour market situation is, therefore, similarly problematic; but it is complicated by other factors, such as the superiority of the American and Canadian wheats available for the mills of Japan. This superiority, however, is due in large measure to the fact that the American methods of handling both the flour and wheat for export are superior to those in vogue in Manchuria.

The export of cigarettes has become substantial; these are made by enterprises under foreign direction and are sold in Japan and China. In addition, Manchuria is an exporter of leaf tobacco. Nevertheless, Manchuria remains primarily a buyer of foreign cigarettes, a market in which British, American, and Japanese producers compete.

A start has been made with the manufacture of silk, hemp, and wool. In contrast to the rest of China, only small headway has been made in the establishment of cotton-spinning and weaving mills. In spite of great efforts of the Japanese to encourage cotton-plant cultivation in South Manchuria, the results have been negligible. Manchuria depends almost entirely on the factories in China and foreign countries, especially Japan, for its cotton goods and wearing apparel.

If the course of development in Manchuria follows that of other pioneer regions, some of these manufacturers will grow and some new ones will be created. In goods made from local resources by automatic or semi-automatic machinery, Manchurian production of staple goods of low-grade character may offer increasing com-

petition with imports from abroad, especially in the products made from beans, wheat, hemp, and timber. These products will serve primarily to meet local needs. In the textile industries, no significant change is to be anticipated. The Japanese iron and steel works should continue their development; but the comparative quality and volume of their resources, their relative technical competence and financial ability will restrain the rate of growth. The lack of copper, tin, lead, and various mineral alloys will restrict the growth of other mineral industries. On the other hand, the gradual creation of cities and industrial centers, the gradual change in consumption habits and standards, will open up an even greater field of sale for foreign producers. On them, too, the call will be made for the large-scale equipment of cities and industry, that equipment which can only be made by great enterprises with vast areas of operation, constantly improving machinery, intricate technical knowledge. New openings will also appear for the products of foreign chemistry and chemical plants. The whole paraphernalia of the electrical industry will find a place. Raw materials, not available locally in sufficient quantities, copper, lead, tin, etc., and their manufactures, will find a heavier demand. The character of the imports is likely to change and even the sources from which they are drawn. Signs of this development have been present in recent years, as the analysis of imports into Manchuria will show.

VI. Analysis of Imports by Commodities

Most important of all imports into Manchuria are those of cotton textiles and cotton yarns. In the early years of the century, these formed well over half of the total imports of foreign goods into Manchuria; in the years before the war, they were about one third of that total; in recent years, they approximated a quarter. (See Table X.) This did not result in a decline in the volume imported; on the contrary, the amount imported from all sources has tended to increase. But the increase has not been so great as that in the total volume of imports from foreign countries. No less important is the fact that the proportion of imports from other points in China has steadily increased. Chinese-made sheetings and yarns have furnished persistent competition with the

foreign imports, forming about 30 per cent of the total cotton piece goods imported in 1927 and 1928, and 75 per cent of the total cotton-yarn imports through the South Manchurian ports and Harbin Customs Districts. (For the geographical distribution for these and other important imports see Table XI.) It is to be observed that the volume of yarn imports is much smaller than

TABLE X

NET IMPORTS OF COTTON GOODS AND COTTON YARN INTO MANCHURIA, AND PERCENTAGE OF TOTAL NET IMPORTS FROM FOREIGN COUNTRIES THROUGH MARITIME CUSTOMS

Year	Value of Net Imports (in millions of haikwan taels)	Percentage of Total Net Imports
1900	4.1	59.3
1901	11.9	65.4
1902	12.6	69.7
1903	14.6	72.7
1904	11.9	63.0
1905	19.5	63.1
1906	6.0	43.2
1907	6.5	28.5
1908	11.4	27.2
1909	17.3	34.5
1910	17.3	30.4
1911	21.7	31.9
1912	20.0	28.6
1913	24.5	34.1
1914	24.1	33.2
1915	19.6	32.1
1916	19.9	27.1
1917	27.5	28.3
1918	32.5	31.6
1919	53.6	38.8
1920	48.9	41.5
1921	43.3	32.5
1922	46.2	36.1
1923	38.9	30.5
1924	32.3	24.8
1925	46.9	29.7
1926	48.6	25.9
1927	43.2	23.1
1928	49.5	22.3

the piece-goods imports, while in most parts of China they are not far from equal. The cotton-manufacturing industry has not established itself strongly in Manchuria. Some of the yarn imported is used in the weaving carried on in cottages.

Of the cotton goods from foreign countries, almost the whole comes from Japan, whose chief competition is within China itself. Europe and the United States appear to have lost the market completely. Some piece goods comes in via Russia and the North Manchurian ports. The cotton-yarn imports come entirely from Japan and China. Most of the textiles used in Manchuria are low-priced and of common grade. In these, the factories of the Far East have proved themselves able to meet competition of more distant countries, including British India.

Of the other imports used in direct consumption, sugar, tobacco in various forms, and flour have been the most important. (See Table XII.) The import of sugar has increased almost fourfold since 1913. The customs figures indicate that Japan, Korea, Hongkong, and Russia are the main points of shipment. These were partly re-shipments of sugar grown elsewhere. Despite the growth in sugar imports, the volume is small for a country of twenty-five million or more people. Manchuria affords tempting conditions for the production of beet sugar. Japanese capital has been invested in various planting and refining ventures, but the low prices prevailing during the past few years caused these ventures to suspend. It is not likely that Manchuria will prove able to compete with more tropical, sugar-growing areas.

The tobacco imports (cigarettes, cigars, tobacco, etc.) are of about the same dimensions as those of sugar, and have more than trebled since 1913. As in the rest of the Far East, the use of cigarettes has increased. The cigarette imports are recorded as coming mainly from the United States, rising as high as two million taels in 1927, and from other parts of China. The cigarette market has been highly competitive. Recently, the ownership of the British-American Tobacco Company has become almost wholly British and some of their brands of cigarettes sold widely in Manchuria will henceforth be manufactured in England or in other parts of China. This seems to have reduced imports from the United States in 1928. The tobacco imports come mainly from

TA

PARTIAL GEOGRAPHICAL DISTRIBUTION OF MAIN IMPO TO MANCHU

(In Million Kwan Tael

	Japan			Korea			Through Hongkong			South Great Brit		Manchur Germany	
	1923	1927	1928	1923	1927	1928	1923	1927	1928	1923	1927	1923	1927
Cotton piece goods	22.3	33.1	37.2	....	....	....	....	....	....	0.3	0.3	....	0.1
Cotton yarn	6.3	2.5	3.4	....	....	....	....	....	....	....	....	....	....
Cotton, raw	....	3.3	2.8	....	....	....	....	....	....	....	....	....	....
Bags, gunny	1.7	4.0	2.8	0.1	0.3	0.2	1.1	5.4	6.2	....	....	....	....
Sugar	0.8	2.0	3.2	0.5	1.3	1.9	2.0	1.9	1.1	....	....	....	....
Flour	0.6	1.3	3.9	....	....	....	....	....	....	....	....	....	....
Glass manufactures and potteries	0.9	1.2	1.3	....	....	....	....	0.1	....	....	....	....	....
Cigars, cigarettes, tobacco	0.3	0.7	0.5	0.4	....	....	....	....	....	0.1	0.1	....	....
Woolen goods (including wool and cotton unions)	0.6	1.0	2.1	....	....	....	....	....	....	0.6	1.2	0.3	0.9
Leather, hides, skins, bones, hair, etc.	0.5	1.0	1.1	0.8	0.9	0.8	0.5	0.5	0.5	....	....	....	0.2
Iron and steel	2.9	4.5	4.8	0.2	....	....	....	....	....	0.3	0.3	0.3	0.4
Other metals and minerals	1.4	2.9	1.8	....	....	....	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Vehicles	1.2	3.6	3.4	0.1	....	....	....	....	....	0.1	0.1	0.1	0.1
Machines and machinery	2.6	4.8	3.8	0.6	....	....	....	....	....	0.6	0.7	0.6	1.0
Chemical products and medicines	1.6	2.7	2.6	....	0.1	0.1	0.1	0.4	0.5	0.4	0.8	0.1	0.2
Electrical materials	2.2	2.7	2.5	....	....	....	....	....	....	0.1	....	....	0.1
Dyes, paints and colors	0.3	0.5	0.5	0.1	....	....	0.1	0.1	0.1	....	0.1	0.1	0.1
Kerosene oil	0.3	0.5	0.4	....	....	....	....	....	....	....	....	....	....
Machine oil	0.3	0.3	0.3	....	....	....	....	....	....	....	....	....	....

[1] These figures are taken from the annual *Trade Return of North China*, Vol. 1, *Manch* ublished by direct and via other Chinese ports plus the gross imports of Chinese goods by steamer nk. For th not sufficiently detailed to furnish an adequate basis of discussion of international trade co tion in spec included in each of the categories sufficiently well defined for that purpose.

TA[illegible]
[illegible]TO MANCHURIA BY COUNTRY OF ORIGIN[1]
[illegible]Million Haikwan Taels)

South	Manchurian Ports												Through Harbin District (into Manchouli and Suifenho) Foreign Goods from Russia	
	Germany			United States of America			China Chinese Goods			Grand Total				
[illegible]t Brit[illegible]	1923	1927	1928	1923	1927	1928	1923	1927	1928	1923	1927	1928	1927	1928
[illegible]1927														
0.3	....	0.1	0.1	0.1	0.1	0.1	16.5	15.7	15.2	4.1	52.6	55.8	2.2	2.9
....	....	.....	.....	.....	.....	.....	9.2	10.4	9.3	15.7	12.9	12.7	.....	.....
....	.....	.....	.....	.....	.....	0.4	1.1	2.5	2.2	1.2	6.0	5.9	.....	.....
....	.....	.....	.....	.....	.....	.....	0.2	0.7	0.7	4.7	11.4	12.2	2.2	3.2
....	.....	.....	.....	.....	.....	.....	.....	.....	.....	4.5	5.5	6.4	3.4	2.5
....	.....	.....	.....	4.0	1.4	1.4	3.3	3.4	2.4	8.6	7.5	7.9	.....	.....
....	.....	.....	0.1	.....	.....	.....	0.9	1.2	1.4	2.3	2.6	3.0	.....	0.1
0.1	....	.....	.....	2.7	2.0	1.4	5.2	5.4	7.5	12.4	8.5	13.4	0.1	.....
1.2	0.3	0.9	1.4	.....	.....	.....	.....	.....	.....	2.8	6.7	8.7	0.1	0.1
....	....	0.2	0.4	0.1	0.3	0.5	1.8	3.3	2.8	1.8	6.5	6.5	1.9	0.4
0.3	0.3	0.4	0.6	1.4	1.7	1.9	.....	.....	.....	7.0	10.2	12.3	1.7	4.8
0.1	0.1	0.1	.....	0.1	0.1	0.1	0.1	0.1	0.1	2.2	3.6	2.5	.....	0.4
0.1	0.1	0.1	0.2	0.8	1.7	2.1	.....	.....	.....	2.5	6.0	6.5	0.6	0.6
0.7	0.6	1.0	1.3	1.3	1.0	2.1	0.1	0.2	0.2	7.5	8.4	9.0	0.5	1.2
0.8	0.1	0.2	0.2	.....	.....	.....	0.7	0.9	0.9	6.4	5.8	6.2	0.2	0.2
....	....	0.1	0.2	0.1	0.1	0.2	.....	.....	.....	2.3	3.2	3.2	0.3	0.4
0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	2.9	3.0	2.7	0.1	0.2
....	.....	.....	.....	4.0	5.2	4.5	.....	.....	.....	5.2	5.5	5.7	0.6	0.9
....	.....	.....	.....	0.6	0.8	0.8	.....	.....	.....	1.1	1.3	1.2	0.1	0.3

[illegible]fanch[illegible]amer[illegible]le co[illegible]

[illegible]ublished by the South Manchuria Railway and cover gross imports of foreign goods by steamer [illegible]ink. For that reason they are not strictly comparable with figures given elsewhere. They are [illegible]tion in specific products: e.g., in the various fields of railway equipment. Nor are the items

other parts of China. Within Manchuria, tobacco is grown extensively, but existing varieties must be blended with foreign leaf in order to be suitable for cigarette-making. British, American, Japanese, and Chinese capital is successfully engaged in cigarette manufacture within Manchuria. In fact, it has already been observed that Manchuria exports a certain amount of cigarettes to other parts of China and Japan. Competition is likely to continue in all directions.

TABLE XII

NET VALUE OF FOREIGN IMPORTS INTO MANCHURIA BY CLASS OF GOODS[1]

(In Millions of Haikwan Taels)

	1903	1908	1913	1918	1923	1927	1928
Cotton goods and cotton yarn	14.6	11.4	24.5	32.6	38.9	43.2	49.5
Cotton yarn alone	3.9	3.7	3.5	5.3	6.3	2.5	3.4
Raw cotton	....	0.1	0.1	0.1	....	3.5	3.7
Bags	....	0.5	1.6	2.8	4.4	13.5	15.2
Sugar, sugar products, sugar cane, etc.	0.5	1.4	2.4	7.1	4.9	8.7	8.5
Flour	0.1	1.7	3.2	...[2]	5.9	3.8	5.7
Chinaware, glass ware and enamel ware	0.2	0.3	0.7	1.1	1.4	1.6	2.0
Cigarettes, cigars, tobacco	0.2	1.9	2.9	4.6	7.9	7.0	6.6
Wool and woolen goods	0.2	0.4	0.7	1.2	2.8	4.9	7.3
Leather, hides, manufactures, skins, furs	0.1	0.5	1.3	5.8	3.7	3.3	4.2
Metals and minerals: aluminum, brass, tin, zinc, copper, nickel, lead, iron, steel, but not including rails	1.0	1.7	3.6	11.1	9.0	12.8	14.1
Rails	....	....	2.2	1.6	1.0	2.7	5.6
Railway material not otherwise classified	....	6.0	0.3	0.4	0.5	2.1	1.8
Railway locomotives, tenders and cars	....	....	0.4	1.6	1.3	3.9	3.6
Automobiles	....	....	....	0.1	0.1	1.2	1.5
Machinery (except knitting and spinning)	....	1.0	0.8	3.0	4.0	5.8	6.6
Chemicals	0.1	0.3	0.7	0.9	2.3	3.3	3.6
Electrical materials and fittings	....	0.3	0.3	1.6	2.8	3.4	3.5
Hand tools (not including files and others)	....	....	0.4	0.4	0.3	0.6	0.6
Dyes, paints and colors	0.2	0.4	1.4	0.8	2.8	2.9	1.7
Books and paper	0.1	0.6	0.9	1.8	2.6	4.1	4.2
Kerosene and manufactures thereof	0.5	1.8	3.0	2.3	4.7	5.5	6.5
Lubricating oil	....	0.1	0.2	0.8	1.0	1.3	1.2
Gasolene, naphtha, benzine	....	....	....	0.3	0.8	1.0	3.0

[1] Statistics from Chinese Maritime Customs.
[2] Exceptional year.

Imports of flour (Table XI and Table XII) have not increased rapidly, though the figures for the last few years have topped previous totals. Native mills are found throughout Manchuria, and power mills have been established. For a time during the war and immediately thereafter, imports declined to almost nothing, and Manchuria began to export a substantial amount, but foreign flour is again being imported. Of the flour to the value of 7.5 million taels that found its way through the South Manchurian and Harbin Customs in 1927 (Table XI), the United States, Canada, and Japan are each recorded as shipping about a fifth; the remainder was from China. In 1928, the imports from the United States declined, those from Japan rose sharply.

Among the other imports into Manchuria which are used in personal consumption, those of glassware and china, of marine products, of cosmetics, of wines, beers, and spirits, and of photographic materials, have shown a decided increase in recent years. All of the latter indicate a widening of consumption habits, but in part they probably result from the increase of foreign population.

Of two products which are important in the American export trade, automobiles and petroleum products, the last five years have witnessed increasing Manchurian purchases, though the amounts bought were still very small. The imports of automobiles through the Maritime Customs in 1927 were 1.2 million taels, of gasoline, naphtha, and benzene, 1 million taels; these increased substantially in 1928. Though exact figures cannot be given, it is probable that the greater part of both products came from the United States. The immediate future may witness road improvement and the extension of the use of the automobile in Manchuria. Of the imports of other vehicles, almost all came from Japan.

The imports of kerosene have shown a persistent rise, from 3.0 million taels in 1913 to 5.5 million in 1927 and 5.7 million in 1928; four-fifths or more of this came from the United States. The Standard Oil Company of New York and the Texas Company, in particular, conduct widespread and diversified activities in the Manchurian market. Even the British firm, the Asiatic Petroleum Company, has been selling American petroleum products in Manchuria.

Among goods imported for further use in production, a growing

variety is also evident. A review of the record, which is too detailed to be given here, reveals that the values of a score of commodities, imported a decade ago only in small quantities, if at all, are advancing in prominence. The imports of building materials, of cordage and twine, of rubber and rubber manufactures, of telephone and telegraph materials, and of hand tools, are examples. The bulk of most of these are recorded as coming from Japan; but many may originate elsewhere. Gunny bags (used for sacking beans and other agricultural products) form the largest single item in the list of imports serving industrial purposes. Of those imported in 1928, the statistics published by the South Manchuria Railway record about 27 per cent as from Japan, about 2 per cent as from China. The rest are recorded as coming from Hongkong and Russia; the real point of origin of these was probably India, Japan, and Europe. The available figures do not permit reliable estimates of original origin.

Next in importance are the imports of minerals and metals, bars, plates, rods, etc. The total entering through the Maritime Customs of the South Manchurian ports has not grown greatly, though in 1927 and 1928 they were treble pre-war imports. (Table XII.) The development of iron and steel production in Manchuria, in part but only in secondary part, explains the slowness of growth. The imports of iron and steel are the most important in the metal field. The value of imports of iron and steel (not including railway materials, machinery, vehicles, etc.) through the Maritime Customs, through the South Manchurian ports, and the Harbin District in 1928 approximated 17 million taels. Japan, whose share in this trade has steadily grown, dispatched almost a third of this total, even while she was buying from Manchuria other iron and steel materials. The remainder came from many sources: Great Britain, Germany, Russia, Belgium, and the United States. The purchases from Belgium, it is interesting to observe, were in some years greater than from any other European country. Imports from the United States have been about 15 per cent of the total. They were larger in volume than in earlier years, but they have tended to represent a declining part of the total in contrast to the rising place taken by Japan. Whether these imports from the United States were goods which had to meet competition from

elsewhere, or whether they were products made effectively only in the United States, the statistics do not indicate. The total remains remarkably low considering the great technical development in the metal industries of the United States. The share sent from Germany was small but rising; its real importance may be concealed by being recorded as coming from Russia, which in 1928 was credited with 4.8 million taels. Of the other metal imports into Manchuria, those of copper bars, plates and tubes were most important, 1.4 million taels in 1927; imports of lead, brass, zinc, and tin (ingots, bars, and plates) together made up about the same amount. Almost none of these are recorded as of American origin; almost all are recorded as from Japan. But much was transshipped from elsewhere; Japan, for instance, possesses no tin.

The records contain a separate account of the imports of machines. The value of these imports (excluding sewing and knitting machines) passing through the Maritime Customs of the South Manchurian ports in 1927 was 8.4 million taels; in 1928, 9 million; this is double the value of the 1918 import. Somewhat more than half of this is reported as coming from Japan in 1927, somewhat less in 1928; Great Britain and Germany shared about 20 per cent between them, the German share growing. In 1928, the American participation in the imports of machinery jumped to almost one-fifth also. Plainly there is active competition in this field. The large share held by the Japanese may be explained in part by the fact that Japanese capital and enterprise has in its charge urban construction and industry in Manchuria. The machinery imported is of many different kinds. Machines for propulsion (steam turbines, etc.), agricultural implements, machines for electric-power stations, are among the important groups, though none except the first totalled as much as one million taels in 1927. The classification is not precise or reliable enough to justify discussion. The imports of electrical materials and fittings (not included in the preceding totals) show about the same rate of growth as that of machinery; almost all of them are recorded as coming from Japan, where American capital has helped to establish the industry. It is evident that machinery imports are growing, that they are still very small in volume, and that they

come from many countries. The world stands at the border of Manchuria with its machine technique and equipment.

The volume of imports of railway materials, other than locomotives and tenders, varies greatly from year to year. It was about two million taels through the Maritime Customs of the South Manchurian ports in 1927 and 1928. The imports of locomotives, coaches and tenders were almost double that amount. These totals probably do not include all purchases for the South Manchuria Railway. It is not possible from the available material to give a reliable estimate of the geographical origins of these imports for railways. But it is known that a considerable part, especially of rolling stock, comes from the United States. The program of railroad extension is being carried through in Manchuria despite all obstacles. For many years the railroads will be dependent on foreign works for their heavy equipment; imports may be expected to grow, sporadically rather than regularly, as new lines are undertaken.[27]

Tables XI and XII give figures for other commodity imports besides those treated in the preceding comment. A study of the record of 1928 and previous years leaves a clear sense of the growing complexity of the Manchurian economy, as well as of its growth. Amidst the primitive, modern technical skill makes its first advances.

Comparative Data

In conclusion, it may be well to summarize the preceding account of the importations into Manchuria from each of the important selling countries (the reader will not forget the many imperfections of the statistics). Imports from Japan have made up about two-thirds the total of imports from foreign countries (i.e. excluding China). Of these, the imports of cotton goods are the most important single item. But throughout the list both of imports for personal consumption and imports for further industrial production, Japan sells a large part of all the major items. Japan has shown sales adaptability to the Manchurian market. The

[27] This is a subject of decided international interest. The information on recent events and trends given in documentary materials available in this country is fragmentary and unsatisfactory. C. Walter Young has brought together extensive notes on the subject collected in China and elsewhere. His original material is therefore presented as a Supplementary Note at the end of this study.

Japanese personnel of Manchurian industry, the Japanese financing organizations (state banks and subsidies, Japanese financial control of many enterprises), the geographical propinquity, the low freight rates, the important rôle played by the South Manchuria Railway, all these have aided Japanese producers to take advantage of the opportunities. On the other hand, Japanese natural resources and industrial skill are limited in many directions as compared with those of the United States and Europe. That the Japanese proportion of total sales in 1927 was about the same as in 1913 is indicated by the rather incomplete and unreliable statistics; it is decidedly less than in the war years.

Imports from other parts of China have tended to increase as rapidly as those from foreign lands. Cotton piece goods and cotton yarn are the most important items in the totals; rice, cereals, flour and other provisions, cigarettes and tobacco, hides and leather, make up most of the remainder.

Imports from Europe (excluding Russia) have been less than 10 per cent of the total imports of foreign goods up to 1928, when they greatly increased. If almost all the goods shipped from Hongkong are taken to be of European origin, however, the European share may be said to have approximated 15 per cent, and in 1928 to have substantially exceeded that percentage. Of these, Great Britain has the largest share, made up mainly of woolen goods, of machinery, of iron and steel, and of chemical products. Germany follows, though she led in 1927 and 1928, also selling mainly the same classes of goods as Great Britain. Belgium and the Netherlands have an important place in the iron and steel import trade. France and Italy sell very little in total. Imports into the Harbin Customs District recorded as Russian exceeded those of all the rest of Europe (leaving the Hongkong trade out of account) through South Manchuria in 1926 and 1927. But to what extent the goods so recorded were really of Russian origin, cannot be ascertained. Most important in the total were gunny bags, sugar, leathers and hides, iron and steel, and kerosene oil. Some of these certainly were originally shipped from the countries of western Europe.

Exports from the United States appear to have increased during the past fifteen years more rapidly than the total imports from

abroad. From 1917 to 1928 they exceeded the directly recorded sales from the whole of Europe, excluding Russia; but if the Hongkong trade is taken into the account the opposite would prove to be the case. In 1928, European sales definitely exceeded American. The total, as recorded by the customs authorities (South Manchuria Railway publication) was about 17 million taels in 1927 and 19.6 million in 1928, not an impressive amount when the size and population of the country are taken into account. As has been pointed out, however, the actual total value of imports was undoubtedly in substantial excess of this figure, owing to (a) undervaluation for customs purposes, (b) untraced indirect trade, (c) omitted purchases of South Manchuria Railway. The commodity imported in the greatest value from the United States is kerosene. Other items of importance are few: railway materials and equipment, flour, cigarettes and tobacco, iron and steel, vehicles, and machinery. With the possible exception of kerosene, world-wide competition exists in the sale of all these commodities. The further growth of American sales will obviously depend on the continuous leadership of American industry in improving the methods and equipment it has to offer, and in its organization for the sale of its commodities in Manchuria. In staple products, consumed directly, of which cigarettes are an example, the American trade may dwindle, as it did in the case of cotton goods. But the development of Manchuria which is under way will make place, as it has begun to do, for a large variety of products hitherto not used there: metals, chemicals, automobiles, electrical materials, paper, etc. The total American trade with Manchuria is virtually certain to grow despite the foundation of enterprise in Manchuria and the rest of China, despite the intensity of world-wide competition and the advantages of Japanese industry.[18]

[18] Note on American Shipping with Manchuria, by Professor W. C. Young. Dairen is the principal port of call for Manchuria, having surpassed the old port of Newchwang shortly after the Russo-Japanese War. Dairen is now second only to Shanghai in the total of cargo handled in China's foreign trade. It may be said as prefatory to a consideration of direct American sailings to and from Dairen that those of the Japanese have always been far superior. American tramp steamers in the past, however, made occasional calls at Dairen, as they do today, to obtain return cargo, while bringing special consignments, such as steel, to Dairen. In 1928, 62 American ships entered and cleared Manchurian ports, their tonnage totalling 509,683. About a dozen ships carrying United States steel come to Dairen during the course of a year. A direct service between Dairen and the United States has now been established in which ships of several American shipping companies are operating. Five to six sailings per month are now maintained by this general service in which the following companies are con-

No study such as this, drawn so much from the statistical record, could critically estimate the obstacles which may be imposed on that trade by the political authorities in control of South Manchuria. The slow growth of the recent past seems to indicate something more than the normal force of competition which American trade is meeting throughout the world; the slow penetration of American specialties seems to indicate a hindrance of custom, commercial connection, or political authority—or all combined. On the other hand, the record disproves the idea of a tightly closed door. The purchases of American goods, even in fields where the Japanese compete, have shown some growth. The hindrances, whatever they may be, may apparently be overcome by a sufficiently well informed effort.

Summary Conclusions

Because of the inadequacies of the record it is impossible to present conclusions of detail regarding the course of Manchurian trade with the certainty that is desirable, particularly in the matter of the trade of individual countries. The following summary seems, however, sufficiently well supported.

1. Manchurian foreign trade has grown amazingly rapidly since 1900, far more rapidly than the trade of the rest of China.

2. The port of Dairen has obtained a place of commanding importance in both the export and import trade.

3. Japan's share in the imports into Manchuria increased very greatly between 1900 and 1918; since then it has been stationary or declining.

cerned: Oceanic and Oriental Navigation Company, Tacoma Oriental Company, American Hawaiian Steamship Company, and the State Steamship Lines. Occasional ships put into port (Dairen) from the Dollar Steamship Line, two Philippine companies, and the Standard Transport Company, the latter being the Arrow ships, subsidized by the Standard Oil Company of New York for the purpose of bringing kerosene and petroleum products to Manchuria and elsewhere. The United States Steel Products Company has its own "steel ships." Incidentally, Norwegian and British ships, however, are principal carriers of American oil products to Manchuria. Dairen is off the beaten path of the more important American steamship services maintained on the Pacific, and, therefore, it was but natural that the Japanese steamship companies should have acquired a primary share in the Dairen trade. The Dairen Kisen Kaisha is financially very closely associated with the South Manchuria Railway Company. Considerable American cargo is actually carried in Japanese ships to and from Japan where it is transshipped. For a long time there was confusion on the subject as to whether Dairen was, for the purpose of the application of Japanese coastwise shipping laws, a "Japanese port." This confusion was evident as late as 1929, but it is now apparent that a few non-Japanese ships have taken on cargo at Yokohama and Kobe and unloaded it at Dairen.

4. Europe's share of these imports has been increasing steadily since 1919, and has regained, probably exceeded, its pre-war importance.

5. The American share of these imports has tended to be stationary at about 10 to 12 per cent of the total.

6. Of the goods exported by Manchuria, the Japanese share has tended to decline during the past few years; the American share has declined more markedly, and is very small; the European share has increased.

7. Both the imports and exports of Manchuria show a steadily widening geographical distribution and variety.

8. By far the most important exports from Manchuria are the products of the bean and cereal crops.

9. No single commodity dominates in the imports into Manchuria. Cotton goods, once all important, now form only a quarter of the total. Other commodities whose volume has become substantial are gunny bags, woolen clothing, machinery, rails and railway materials, other metals and minerals, sugar, flour, and kerosene.

10. Considering the nature of these imports, the quantities brought from the United States are small, even when allowance is made for indirect trade. Still they surpassed the sales of all Europe in 1927, falling behind in 1928.

11. The imports from the United States were mainly rails and railway materials, other iron and steel goods, kerosene, flour, and cigarettes.

12. The records tend to indicate that Japanese trade possesses distinct advantages, yet they are not impregnable ones by any means, as shown by the decline of the Japanese share.

Supplementary Note on Manchurian Railways and the Trade in Railway Materials

By C. Walter Young

Generally speaking, and with the exception of such products as petroleum and, to a lesser degree, automobiles, the Manchurian market is a highly competitive one in which American firms operate. In no field is this so striking as in competition for the market

in rails, locomotives, rolling stock, and railway materials of all sorts. The new impetus for railway construction in Manchuria especially created by the Chinese desire to build their own railways there since 1924, has been the principal cause for the rapid development of this market in the last five years. It is estimated that no less than $5,000,000 worth of railway materials, including rails, locomotives and rolling stock, were purchased by Chinese railways alone in Manchuria during the years 1927–28, and it is evident that an equivalent amount of purchases from American firms were made by the South Manchuria Railway Company for a five-year period ending 1929.

In competition with the American firms supplying these railway materials are the firms of Japan, Great Britain, Czechoslovakia, France, and Belgium especially. Skoda and Company, a Czechoslovakian firm, which sells almost everything from railway equipment including locomotives, to munitions and bridge and wharf machinery and parts, is a leading competitor for such American firms as the United States Steel Products Company, the American Locomotive Company, and the Baldwin Locomotive Company. This is shown in the contracts which have been let in the last few years for various new Chinese railway lines in Manchuria.

American railway equipment has been used, either entirely or partially, for the construction of the following Chinese railways in Manchuria:

1. The *Hulan-Hailum Railway* (north of Harbin in Heilungkiang province): This is an independent Chinese line financed by the Tsitsihar provincial bank, i.e., principally by provincial funds and by the personal interest of the late General Wu Chun-sheng, governor of the province. A Chinese company, *Ju Yi Jung Ssu*, was formed for the purpose, organized under Chinese law. The work of construction was directed by Boris V. Ostroumoff, formerly General Manager of the Chinese Eastern Railway, who, after the death of General Wu, became an adviser to Marshal Chang Hsueh-liang, residing in Mukden. Construction was begun in 1926 and completed to Hailun by December, 1928. The line is to be extended to Mergen (Junkiang). American rails, purchased through Suzuki and Company, a Japanese firm, were used for a part of the line. In the later stages of the development of this line, however, non-American rails and rolling stock were used. It is understood that a French company has obtained contracts for supplying further materials. Some English equipment, through

Arnhold and Company, is used on the line and some of the rails were of Scottish origin. Many of the goods cars are rented from the South Manchuria Railway, as the line is standard American gauge. American firms have supplied a small amount of shop equipment, machine tools, etc. for the use of the railway.

2. The *Tahushan-Tungliao* (Paiyintalai) Railway (in Southwestern Manchuria): This is a purely Chinese independent line constructed apparently with funds derived from the Peking-Mukden Railway. Construction was started in 1926, and was completed to Tungliao in 1927. This line was constructed against an official protest from the Japanese Government, presented by the Japanese Consul-General at Mukden. Although some locomotives and rolling stock for this line were obtained for use from the Peking-Mukden line, the railway was constructed in the main with American materials, rails, and rolling stock; even the wooden sleepers having been imported from the United States.

3. The *Taonan-Angangchi* Railway (an extension of the Ssupingkai-Chengchiatun-Taonan line in Western Manchuria): This line was constructed as a Chinese Government Railway but with capital supplies in the form of a loan from the South Manchuria Railway Company. The construction contract was dated, Mukden, September 3, 1924. (*See:* Young, C. Walter, *The International Relations of Manchuria,* pp. 209*ff.*) While most of the materials for this line came from Japanese sources, especially from the South Manchuria Railway Company, the Japanese contractors in turn purchased in 1926 eighty-pound rails for a forty-mile segment to the amount of Yen 457,000, from the United States Steel Products Company. The locomotives and rolling stock for this line were rented from the South Manchuria Railway Company.

4. The *Fengtien-Hailungcheng* Railway (Feng-Hai) (in central Manchuria to the east of Mukden): This line has now been extended beyond Hailungcheng to Kirin where it connects with the Changchun-Kirin and the Kirin-Tunhua railways. The section from Mukden to Hailungcheng, constructed separately from the extension, was opened to traffic in November, 1928. This is also a purely Chinese railway; it was constructed with materials which came from various national sources, American, Japanese, and British especially. The competition here was particularly keen as shown by the following purchases: first lot of rolling stock and locomotives, supplied through Arnhold and Company, a British firm; a lot of passenger cars, supplied by the Tokyo Locomotive Works and other Japanese firms; a lot of steel-covered cars, supplied by a Belgian firm; a lot of goods cars supplied by Japanese; and a large ratio of cars, goods and passenger, and of locomotives and rails, supplied by American firms during this same period. Since the middle of 1928 American materials have been principally

used for the Feng-Hai line, Americans having supplied portions of the rails, locomotives, cars (freight, baggage, flat cars, etc.) and other railway equipment.

5. The *Kirin Hailungcheng* Railway (Chi-Hai) (being an extension of the Feng Hai line to Kirin): This was built as a separate line by independent Chinese capital and in spite of official Japanese protest on the grounds of alleged violation of Japan's treaty rights. The entire line, including rails, locomotives, and rolling stock, has been constructed and operates with exclusively American equipment, the American Locomotive Company having supplied both locomotives and cars. In early October, 1929, six locomotives and eleven third-class passenger cars were unloaded at the Dairen wharves for delivery to this line, these being supplied by the American Locomotive Company. The American Car and Foundry Company has supplied most of the cars used on the line.

6. The *Taonan-Solun* Railway (to be constructed west of Taonan in western Manchuria): This is also a purely Chinese line, whose terminal is intended to be Shangwuchutzu, and when completed is to be a little over a hundred miles long. Construction has started, in that the surveys have been completed and preliminary contracts have been let for materials for construction. Japanese and French firms during 1929 were competing for supplying the rails for this line, though apparently no contract for rails had been let by 1929, nor for rolling stock. It is likely that rolling stock and locomotives may be borrowed from the Peking-Mukden railway.

7. The *Tsitsihar-K'oshan* Railway (north and east of Tsitsihar, the provincial capital of Heilungkiang province): This line, also a Chinese independent line, was completed for a short distance from Tsitsihar by the end of 1929, though it seems that further construction was impeded by lack of funds and the disturbance on the Chinese Eastern Railway. The rails for this new line, or a part of them, were supplied by an American firm, through Arnhold and Company, a British firm, the United States Steel Products Company supplying that Company. Skoda and Company, the Czeckoslovak firm, seems to have supplied some of the rolling stock and locomotives, but it is likely that here again borrowed equipment from the Peking-Mukden line will be used.

The South Manchuria Railway Company as a Customer for American Materials

The best single customer in Manchuria for American products is the South Manchuria Railway Company, which for twenty years has purchased a wide variety of materials for its railways, for the railways which it has financed for the Chinese in certain cases, and for its many subsidiary enterprises, especially the mining and

manufacturing establishments at Fushun collieries and the Anshan Iron and Steel Works. Particularly was this the case when the Japanese were reconstructing the main line of the South Manchuria Railway (Dairen to Changchun) during the years after the Russo-Japanese War. In recent years, especially since the development of locomotive and car works in Japan, the Japanese have been able to supply a large part of their own equipment. Specialties, however, have always continued to be purchased from leading American firms, and the South Manchuria Railway Company maintains an office in New York partly for the purpose of negotiating these contracts. · Many steel rails are now manufactured in Japan and in recent years the South Manchuria Railway Company has ceased purchasing locomotives or cars from the United States. A great part of the equipment for the Chinese lines financed by Japanese capital comes directly from Japan, and in a few cases is purchased indirectly from American firms by Japanese agencies.

Various figures are obtainable as to the total amount of the Japanese, i.e., the South Manchuria Railway, purchases of American materials. One estimate is that for the period from 1907 to 1928 inclusive, given by the South Manchuria Railway's publication *Report of Progress in Manchuria, 1907–1928* (see page 105). This places the total purchases from all countries at an estimated total of Yen 504,831,000.00. Of this amount over Yen 123,113,000.00 is the figure for American purchases.

These figures indicate that in 1907–1908 the ratio of the purchases in the United States to the total abroad was 67 per cent; in 1908–1909, 15 per cent; in 1915–1916, 24 per cent; in 1917–1918, 35 per cent; and in the years following steadily decreasing until 1926–27, when the ratio again rose to 13 per cent. In other words, during the years from 1907 to the end of 1928, the South Manchuria Railway Company made approximately one-fourth of its foreign purchases in the United States.

Another set of figures for specific purchases of the South Manchuria Railway Company in the United States is given below, these having been supplied by the Dairen head office of the railway company in August, 1926:

Materials Purchased by the S. M. R. in the U. S. (1920–1925)

	Rails and Accessories	Rolling Stock
1920	G. Yen 2,581,268	G. Yen 1,866,402
1921	3,031,483	859,205
1922	139,981	1,817,728
1923	1,455,999	1,524,113
1924	145,943	755,393
1925	601,520	392,862

The New York office of the South Manchuria Railway Company published figures for 1929 (*Japanese Investments and Expenditures in Manchuria:* 1907–1926) giving Yen 125,000,000 as the total value of railway, mining and iron works materials purchased by the company in the United States up to 1926. The New York Office has supplied the following figures as to recent purchases:

Materials Purchased by the S. M. R. in the U. S. and G. Britain (1922–1926)

	United States	Great Britain
1922	G. Yen 3,389,842	G. Yen 729,576
1923	4,882,611	753,643
1924	2,645,995	1,258,783
1925	2,761,606	1,126,810
1926	3,974,170	1,071,305

The figures for 1927 are not available, but in 1928, according to the New York Office of the railway company, the total purchases in the United States amounted to Yen 463,570 (month of June missing). This indicates somewhat of a decline in the amount of purchases made in the United States. The competition of other foreign firms, especially German, accounts for this in part, as illustrated by the contracts given a German firm for plant equipment for a proposed iron and steel works, originally planned to be constructed at New Wiju, on the Chosen side of the Yalu River. This plan is in doubt, however, and the plant, if constructed, may be situated in the Kwantung leased territory. This new enterprise is capitalized at Yen 100,000,000 and is to be completely equipped with smelters, a coal pier, etc. American firms may eventually participate in supplying part of the equipment, if plans are carried out for the construction of such a plant, and this would increase the purchases of the railway for 1930 and 1931. It is evident, in spite of the absence of complete figures of purchases for 1929, that they exceeded those for 1928 by a considerable figure.

Comparative Data

It is evident, therefore, that the South Manchuria Railway Company purchased in the United States from 1925 to 1930 (a five-year period) at least $5,000,000 worth of materials. As a single customer, therefore, the railway company is the best for American firms in Manchuria, but when compared with the total of purchases of railway materials (rails, locomotives, rolling stock, etc.) by the independent Chinese railways of Manchuria since 1925, it is evident that the total of the latter is much greater. Moreover, these new Chinese lines offer a market for such railway equipment as locomotives and rolling stock, and of rails as well, which the

South Manchuria Railway Company now obtains either from its own steel works or directly from Japan. The demands of the South Manchuria Railway are now mainly in the form of railway accessories, and specialized equipment for workshops, pneumatic tools, pumps, cranes, and fixtures, which may better be purchased in the United States or elsewhere than in Japan. Whether the South Manchuria Railway Company will continue to be as good a buyer of American materials as in the past is at least doubtful, though in the above lines, and in maintenance materials, as well as in lubricating oils, the future is not so doubtful. Business contracts with the South Manchuria Railway Company have an entire absence of risk, because of the well-established business position of the company. Business with the independent Chinese lines in Manchuria, on the other hand, is done more or less on a cash-in-advance and cash-on-delivery combination.

LIST OF PUBLICATIONS

International Conciliation appeared under the imprint of the American Association for International Conciliation, No. 1, April, 1907 to No. 199, June, 1924. These documents present the views of distinguished leaders of opinion of many countries on vital international problems and reproduce the texts of official treaties, diplomatic correspondence and draft plans for international projects such as the Permanent Court of International Justice. The most recent publications are listed below. A complete list will be sent upon application to International Conciliation, 405 West 117th Street, New York City.

259. The Eighth Year of the Permanent Court of International Justice, by Manley O. Hudson, Bemis Professor of International Law, Harvard Law School.
April, 1930.

260. The Kyoto Conference of the Institute of Pacific Relations, by Chester H. Rowell.
May, 1930.

261. The Soviet and Religion: Debate in the British House of Lords, April 2, 1930; Decree of the All-Russian Central Executive Committee and Soviet of the People's Commissaries of the R.S.F.S.R., April 8, 1929; Protest of His Holiness Pope Pius XI against Religious Persecution in Russia, February 2, 1930.
June, 1930.

SPECIAL BULLETIN. Memorandum on the Organization of a Régime of European Federal Union, addressed to twenty-six governments of Europe, by M. Briand, Foreign Minister of France, May 17, 1930.
June, 1930.

262. The Final Settlement of the Reparations Problems Growing Out of the World War. Protocol, with Annexes, Approved at the Plenary Session of The Hague Conference, August 31, 1929 and Agreements Concluded at The Hague Conference, January, 1930.
September, 1930.

263. Memorial to Gustav Stresemann. Address by Dr. Julius Curtius, German Minister of Foreign Affairs, to the People of the United States, June 21, 1930, and Related Material.
October, 1930.

264. The attempt to Define Aggression, by Clyde Eagleton, Associate Professor of Government, New York University.
November, 1930.

265. European Federal Union. Replies of Twenty-Six Governments of Europe to M. Briand's Memorandum of May 17, 1930.
December, 1930.

266. Minerals and International Relations: The International Relationship of Minerals and International Movement of Mineral Products in Peace and War, by Sir Thomas H. Holland, K.C.S.I., K.C.I.E., D.Sc., LL.D., F.R.S., Vice-Chancellor and Principal of Edinburgh University.
January, 1931.

267. Studies in World Economy. No. 1. The Conditions of Enduring Prosperity, by James T. Shotwell. The International Implications of the Business Depression, by Raymond B. Fosdick.
February, 1931.

SPECIAL BULLETIN. Peace on Earth: Allocution of His Holiness Pope Pius XI, to the Cardinals resident in Rome on Christmas Eve, 1930; Allocution of His Holiness Pope Benedict XV, August 1, 1917.
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268. Studies in World Economy. No. 11. International Competition in the Trade of India, by George B. Roorbach, Professor of Foreign Trade, Harvard University, Graduate School of Business Administration.
March, 1931.

269. Studies in World Economy. No. 111. The International Trade of Manchuria, by Dr. Herbert Feis, Member of the Research Staff of the Council on Foreign Relations.
April, 1931.